

# A FAVORABLE SYSTEM FOR EXPATS IN FRANCE

Foreign companies often assign staff from other countries to their locations in France. The administrative formalities have been streamlined to make it easier for these expatriate employees and their families to enter the country, while tax and social measures have also been implemented to enable them to offset the cost of living abroad.

The legal situation of foreign employees differs according to the circumstances of their expatriation. Seconded employees work in France for a company located outside France. Transferred employees employed by a foreign-owned firm in France are subject to French labor law.

## **1. Relocation**

Relocation concerns foreign executives who work in a French company for a short period, generally lasting up to 18 months. They come to France on a specific assignment, such as technical assistance, financial control or liaising with the parent company, or to provide a service. Seconded employees remain employees of the foreign company. They are not under the orders of the host company in France and they answer to their superiors at the foreign company. While such employees are not subject to French law, they are still covered by French rules governing working hours and the minimum wage.

Citizens of Member States of the European Union, the European Economic Area (EU, plus Iceland, Liechtenstein and Norway) and Switzerland are free to work in France without special authorization. On the other hand, employees from other countries must obtain several different documents to enter France, to work in France and to live in France.

Seconded employees are registered with the Labor Inspectorate by their host company.

## **2. Employment contracts**

If foreign employees come to work for a company in France on a long-term basis, they become employees of the French entity and work under a French employment contract. Transferred employees may maintain a legal link to their home company to enable them to return to it once their stay in France is over.

### **3. Streamlined administrative procedures**

Formalities differ depending on the employees' nationality and their status as seconded or transferred employees.

#### **3.1 Flexible system for EU citizens**

Citizens of the European Union, the European Economic Area and Switzerland are free to travel and work in France with no need for a visa, residence card, work permit or business permit.

##### **FORMALITIES FOR CITIZENS OF THE NEW MEMBER STATES OF THE EUROPEAN UNION**

During a transitional period, lasting up to seven years (see accession treaties), citizens of the new Member States of the EU must obtain a permit to stay in France more than three months (with the exception of citizens of Cyprus and Malta, who can travel and work in France immediately).

An EU residence card good for up to one year is automatically issued upon presentation of an employer's declaration certifying the term of employment.

Residence cards for stays of more than 12 months are valid for 10 years. Applications for 10-year cards should be filed with the prefecture or municipality of the place of residence within three months of the employee's arrival. There is no charge for this procedure. Applicants must prove their identity, their marital status, their residence in France and their professional activity (employer's certificate or service certificate), and provide a medical certificate established by an approved doctor. Applicants are given a voucher that is valid for three months pending the issue of their EU residence card. Issuance of a residence card may only be refused on public order grounds.

Citizens of eight of the new EU Member States must still obtain a work permit to work in a salaried capacity. However since May 1, 2006, existing unemployment levels can no longer be cited as a reason to refuse issuance of permits in the 7 sectors listed in the notice dated April 29, 2006.

For more information

EU directive no. 96-71 of December 16, 1996 on secondment of workers to supply services.

#### **3.2 Immigration procedures for non-EU citizens**

Non-EU employees transferred to France must obtain a long-stay visa, a work permit ('introductory contract') and a residence card marked 'employee'.

##### **ACT OF JULY 24, 2006, NO. 2006-911**

This Act governing immigration and integration of foreign workers was published in the Journal Officiel on July 25, 2006. It introduces a number of modifications in this area, notably concerning immigration of workers:

- creation of a multi-year "seconded employee" status for intra-company transfers
- creation of an "expertise and skills" card
- authorization to recruit students at master's level or higher in the six months following the end of his or her studies, regardless of the unemployment situation
- elimination of the requirement for prior authorization to trade (formerly the *carte de commerçant*) for non-OECD managers.

Since these measures were voted only recently, decrees for their application have not yet entered into force, which means the new law cannot be applied. In the meantime, the previous regulations applying to the immigration of workers remain in effect.

For more information:

Order 45-2658 of November 2, 1945 on conditions for the entry and stay of foreigners in France and the creation of the Office of Immigration Services (now ANAEM).

See: Do I need a visa? and Immigration documents

Ministry of labor website

- **Streamlined procedure for issuing work permits and residence cards for senior executives**

Under a special procedure coordinated by ANAEM, the national agency for immigration (formerly the Office of Immigration Services (OMI)) chief executives and senior executives can obtain visas, residence cards and work permits in a few weeks.

This accelerated procedure is available for executives at French companies belonging to an international group who have worked for that group for more than 6 months.

Chief executives are defined as employees with the power to make decisions independently. They are free to organize their working schedule and they receive the highest levels of compensation paid by the company. Senior executives are paid more than €5,000 gross per month.

The French employer files a transfer application with the relevant ANAEM regional representative for the host establishment's location.

The application is processed by the Directorate for labor and vocational training for the département (DDTEFP) within 10 days. Job market conditions have no bearing on its decision. The executive in question must apply for a long-stay visa (*visa long séjour*) and a residence card from the relevant French consulate.

Once the consulate is notified of the DDTEFP's approval, the executive can pick up the visa and enter France. The ANAEM will issue the work permit and residence card after a medical examination.

For more information

Circular no. 2004-143 of March 26, 2004 on entry in France of senior executives and their families.

#### **INTRA-COMPANY TRANSFER APPLICATION**

The application is to be filed with the ANAEM. The application must be accompanied by documents in French that will include:

- Company bylaws, K-bis and certificate attesting that it is up to date in its payments to URSSAF
- An employment contract signed by the French employer and the foreign executive, and CERFA form no. 9661-02.
- A promise to pay ANAEM a fee (€168, plus a contribution of €725 for each foreign employee hired at a gross monthly salary of less than €1,525 and a contribution of €1,444 for each employee hired at a higher monthly salary).
- Photocopy of passport
- Statement signed by company head certifying that the candidate has already been an employee of the group for at least six months
- Photocopy of full birth certificate with certified translation
- Four recent passport photos of the candidate
- Two stamped envelopes for transmission of documents between relevant departments.

## ANAEM\* REGIONAL DELEGATIONS, DECEMBER 2004

- Délégation de Lille - Aisne, Nord, Oise, Pas-de-Calais, Somme  
892, avenue de la République, 59700 Marcq-en-Baroeul  
Tel. 03 20 99 98 60 – Fax : 03 20 99 98 61  
For senior executives arriving in France:  
[integration.lille@anaem.social.fr](mailto:integration.lille@anaem.social.fr)

- Délégation de Lyon - Ain, Allier, Ardèche, Cantal, Côte-d'Or, Drôme, Jura, Loire, Haute-Loire, Nièvre, Puy-de-Dôme, Rhône, Saône-et-Loire, Savoie, Haute-Savoie, Yonne  
7, rue Quivogne, 69286 Lyon cedex 02  
Tel. : 04 72 77 15 40 – Fax : 04 72 77 15 59  
For senior executives arriving in France:  
[gisele.ihuel@anaem.social.fr](mailto:gisele.ihuel@anaem.social.fr)

- Délégation de Grenoble - Isère  
76, rue des Alliés, 38000 Grenoble  
Tel. : 04 76 40 95 45 – Fax : 04 76 40 59 89  
For senior executives arriving in France:  
[christian.choquart@anaem.social.fr](mailto:christian.choquart@anaem.social.fr)

- Délégation de Marseille - Alpes-de-Haute-Provence, Hautes-Alpes, Aude, Bouches-du-Rhône, Corsica, Corse-du-Sud, Haute-Corse, Gard, Lozère, Pyrénées-Orientales, Var, Vaucluse, Réunion  
61, boulevard Rabatau, 13295 Marseille cedex 08  
Tel. : 04 91 32 53 74 – Fax : 04 91 32 53 61  
For senior executives arriving in France:  
[eric.rose@anaem.social.fr](mailto:eric.rose@anaem.social.fr)

- Délégation de Metz – Meurthe-et-Moselle, Meuse, Moselle  
2, rue Lafayette, 57000 Metz  
[colette.retord-briere@anaem.social.fr](mailto:colette.retord-briere@anaem.social.fr)  
03 87 66 00 52

- Délégation de Montpellier - Hérault  
4 rue Jules Ferry, 34000 Montpellier  
Tel. : 04 99 77 25 50 – Fax : 04 99 77 25 51  
For senior executives arriving in France:  
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- Délégation de Nantes - Loire-Atlantique  
9, rue Bergère, 44000 Nantes  
Tel. : 02 51 72 79 39 – Fax : 02 51 72 79 48  
For senior executives arriving in France:  
[marjorie.glais@anaem.social.fr](mailto:marjorie.glais@anaem.social.fr)

- Délégation de Nice - Alpes-Maritimes  
208, route de Grenoble, 06200 Nice Ouest  
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- Délégation d'Orléans - Cher, Indre, Indre-et-Loire, Loiret, Loir-et-Cher  
43, avenue de Paris, 45000 Orléans  
[isabelle.beleau-briard@anaem.social.fr](mailto:isabelle.beleau-briard@anaem.social.fr)  
02 38 52 34 01

- Délégation de Paris-Centre -Paris  
48, rue de la Roquette, 75011 Paris  
Tel. : 01 55 28 19 40 – Fax : 01 55 28 19 75  
For senior executives arriving in France:

[claire.meunier@anaem.social.fr](mailto:claire.meunier@anaem.social.fr)

- Délégation de Paris Nord - Calvados, Eure, Manche, Orne, Paris, Seine-Maritime, Seine-Saint-Denis, Val-d'Oise  
53/55, rue Hoche, 93177 Bagnolet  
Tel. : 01 49 72 54 00 – Fax : 01 49 72 54 22  
For senior executives arriving in France:  
[immigration.pn@anaem.social.fr](mailto:immigration.pn@anaem.social.fr)

- Délégation de Paris Sud - Maine-et-Loire, Mayenne, Sarthe, Seine-et-Marne, Yvelines, Val-de-Marne, Vendée, Vienne, Hauts-de-Seine  
221, avenue Pierre Brossolette, 92120 Montrouge  
Tel. : 01 41 17 73 00 – Fax : 01 41 17 73 33  
For senior executives arriving in France:  
[travailleurs.ps@anaem.social.fr](mailto:travailleurs.ps@anaem.social.fr)

- Délégation de Rennes – Côte d'Armor, Finistère, Ille-et-Vilaine, Morbihan  
1, place Hoche, 35000 Rennes  
[sandrine.pannier@anaem.social.fr](mailto:sandrine.pannier@anaem.social.fr)  
02 99 22 98 65

- Délégation de Strasbourg - Ardennes, Aube, Doubs, Marne, Haute-Marne, Bas-Rhin, Haut-Rhin, Haute-Saône, Vosges, Territoire de Belfort  
4, rue Gustave Doré, 67000 Strasbourg  
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For senior executives arriving in France:  
[cs.strasbourg@anaem.social.fr](mailto:cs.strasbourg@anaem.social.fr)

- Délégation de Toulouse - Ariège, Aveyron, Charente, Charente-Maritime, Corrèze, Creuse, Dordogne, Haute-Garonne, Gers, Gironde, Landes, Lot, Lot-et-Garonne, Pyrénées-Atlantique, Hautes-Pyrénées, Deux-Sèvres, Tarn, Tarn-et-Garonne, Haute Vienne  
19, chemin Lapujade, 31200 Toulouse  
Tel. : 05 34 25 42 42 – Fax : 05 61 58 48 08  
For senior executives arriving in France:  
[cs.toulouse@anaem.social.fr](mailto:cs.toulouse@anaem.social.fr)

- Délégation de Cayenne - Guadeloupe, Martinique, French Guyana  
17/19, Rue Lalouette – BP 245, 97325 Cayenne Cedex  
Tel. : 05 94 37 87 00 – Fax : 05 94 30 64 52  
For senior executives arriving in France:  
[omi.cayenne@wanadoo.fr](mailto:omi.cayenne@wanadoo.fr)

\*formerly OMI

- **Procedure for other executives**

The DDTEFP will issue work permits for junior executives with no power to determine corporate policy and earning less than €5,000 per month, if job market conditions permit.

The host company must file a request for the work permit with the relevant national employment agency, which advertises the vacancy for 15 days. If the vacancy is not filled, the local labor inspectorate then has three months to make its decision known. If it approves the work permit, the French consulate in the junior executive's country can issue a long-stay visa. After a medical examination at the ANAEM, the executive can pick up the residence card marked "employee" from the prefecture for his place of residence.

- **Accelerated procedure for seconded employees**

Seconded employees who are not EU citizens must obtain a temporary work permit (APT), which is good for up to nine months and can be renewed.

At the same time as the employee applies to the consulate for a long-stay visa, the French host company should file an application for a temporary work permit with the DDTEFP with jurisdiction over the foreign employee's place of work. After approving the application, the DDTEFP passes it on to the ANAEM, which notifies the consulate. Upon arrival in France, the employee needs to pass a medical examination at the ANAEM, after which he can pick up his temporary work permit and residence card. The holder of a temporary work permit is not allowed to change employers in France.

If the secondment is for fewer than three months, the ANAEM is not involved in the procedure. The host company merely declares the seconded employee to the labor inspectorate. Depending on the seconded employee's nationality, a short-stay visa may be required for entry into France.

#### **SECONDMENT APPLICATION**

The host company files the application with the local DDTEFP. The application includes in particular:

- A secondment certificate from the foreign company: three copies of the certificate stipulating the foreigner's qualifications, the term and purpose of the secondment, the salary paid, the job occupied and the start date
- A certificate from the host company: three copies of the certificate mentioning the application for a work permit, the purpose and term of the secondment and a commitment that the seconded employee will not be under the orders of the host company.
- A promise to pay a €168 fee to the ANAEM if the secondment lasts more than three months.
- A questionnaire about the employee in question.
- A promise from the seconded employee to leave France after the secondment is over
- Three passport photos.

For more information:  
Decree 91-995 of September 24, 1991.  
see les autorisations de travail

### **3.3 Preliminary authorization required for some trade activities**

Citizens of EU and OECD member countries, countries in the European Economic Area and Switzerland, as well as holders of a resident card (which can be obtained after five years of uninterrupted residence in France and is good for 10 years) are not required to obtain prior authorization to conduct business activities. Citizens of OECD countries must apply for a special long-term business visa and a resident card.

Only non-OECD citizens (from China, Taiwan, etc.) who have the power of signature for the company or the authority to manage an establishment of the company (corporate officers, managers, partners, directors, etc.) or conduct business transactions must obtain a business permit, which is issued by the prefect with jurisdiction for the company's location in France.

Business permit holders wishing to live in France also need to apply for a long-stay visa and a temporary residence card.

ACT No. 2006-911 OF JULY 24, 2006

The Act on Immigration and Integration did away with the requirement for prior authorization to conduct business activities (*carte de commerçant*) for managers who are non-OECD citizens.

All managers of companies from outside the European Economic Area must comply with one of the following formalities:

- For managers from outside the European Economic Area planning to reside in France (decree of Conseil d'Etat forthcoming): (1) obtain a long-term visa to conduct industrial and commercial activities and (2) obtain corresponding resident permit
- For managers from outside the European Economic Area not planning to reside in France (decree forthcoming): prior declaration of business activity to the Prefecture.

For more information

Article L122-1s, Code of Commerce.

Decree of January 28, 1998 on identity cards for foreign businesspeople.

## **4. Expat employees can maintain the social security system in their country of origin**

Seconded employees may opt for continued coverage by the health and social security system in their home country. Transferred employees only have this option if it is provided for under a reciprocal agreement with France.

### **4.1 The French social security system applies in most cases ...**

The French health coverage and social security system is based on the territorial principle. This means that employees working in France are, in principle, subject to French legislation on health coverage and social security, regardless of their citizenship and the location of their employer. However, foreign employees may contribute to optional protection plans in their home countries.

### **4.2 ... but some international agreements and EU regulations allow for exemption from contributions to the French social security system**

This option is only available to citizens of EU and European Economic Area countries or other countries that have reciprocal social security agreements with France (including Canada and the United States, see international agreements).

European Union citizens can opt to stay with the health and social security system of their home country for a renewable 12-month period. After that, they must register with the health and social security system of the country where they work. Citizens of countries with reciprocal agreements with France can remain with their home country's system for up to 6 years. At the end of this period, the employees either register the system of the country where they work exclusively, or they maintain their link to their home country system and register with the French system too.

The formalities for exercising this option must be completed with the relevant health and social security agencies in the employees' home countries, before being hired in France. European Union citizens need to obtain E101 forms (continuing coverage for expatriates) or E102 forms (extension of E101) and an E111 form (healthcare entitlement certificate). Citizens of countries that have reciprocal agreements with France must provide proof of coverage in their home country.

For more information

French center for European and International Social Security Relations (CLEISS): [www.cleiss.fr](http://www.cleiss.fr)

## **5. Expats benefit from special tax incentives**

In principle, France's tax treatment of foreign workers is the same as for French workers, but foreigners enjoy a few special expatriation benefits.

### **5.1 Fiscal obligations for expats**

Income of all types and from all sources accruing to a person residing in France is taxable in France, as is income from French sources accruing to non-residents.

Fiscal domiciliation in France is possible if one of the following criteria is met:

- Permanent place of residence of the taxpayers and their families (183 days per year)
- Center of economic interests in cases where two residences are maintained
- Usual place of residence if the center of economic interests cannot be determined
- Citizenship, if no other criterion is applicable
- Failing that, the matter is decided by mutual agreement between the French government and the government of the taxpayer's home country.

This rule usually applies subject to the provisions of France's reciprocal agreements with other countries. Each case needs to be considered with regard to the relevant agreement.

- **Wage income**

Tax is levied on wage income, after deducting social security charges and other compulsory levies, and with a 10% deduction for professional expenses.

- **Personal income tax for residents is progressive and takes account of the number of dependents**

French residents' income is taxed at progressively higher rates. The tax rates are imposed by tranche — 0%, 5.5%, 14%, 30%, 40% — according to the income bracket. Tax is based on total household income, which includes the income of the spouse and children aged under 18 years. The tax rate is proportional to the size of the household: the more people there are in the household, the lower the tax rate is.

- **Tax on income paid in France to non-residents is generally very favorable**

Income from French sources earned by employees who work in France but do not have their tax residence in France is generally subject to a withholding tax.

However, non-resident employees are still required to file an income tax return with the French tax authorities and, if necessary, pay any difference between the amount withheld and the tax due. Payment of the withholding tax in France generally gives rise to an equivalent tax credit in the country of residence to prevent double taxation. The specific procedures depend on the tax treaty between France and the country of residence.

For more information  
Tax office for non-residents  
10, rue du Centre  
93 465 Noisy-le-Grand cedex  
Tel. 01 57 33 88 88

### **5.2 Optimizing social contributions and taxes for expats**

The tax and social security situation of expatriates needs to be considered with care before they arrive in France. When drawing up employment contracts, the arrival and departure dates and the compensation package all require careful attention.

- **Resident or non-resident?**

Expatriates may remain non-residents of France for tax purposes, in which case they pay French tax only on their income from French sources; or they may become French residents and pay French tax on their worldwide income. Their tax residence status depends on the length of their stay, on whether they work in France only or in several countries, and on whether their family lives with them in France.

- **Tax relief for expatriates**

Expatriates have several options for reducing their personal taxes:

- Employees and directors that a foreign company assigns to jobs in companies located in France are not required to pay income tax on their expatriation bonus until December 31st of the 5<sup>th</sup> year following the transfer to France. This exemption is restricted to persons who have not been residents of France for tax purposes in the 5 years preceding the transfer to France.
- In addition, remuneration relating to non-French workdays are not taxable; this exemption is currently capped at 20% of the taxable income.
- - Charges paid by expatriate employees and their foreign employers for supplementary health and retirement plans may be deducted from their taxable income in France. This deduction is restricted to persons who have not been residents of France for tax purposes in the five years prior to their arrival.
- Payments made by the expatriate to the social security system in his or her home countries are deducted from taxable income in France when there is an agreement between France and the home country in this area.

## **6. Special benefits for expat families**

France has introduced a joint procedure for issuing administrative documents to expatriate executives and their families.

### **6.1 Simplified entrance procedure for families**

Simultaneous applications for visas and residence cards may be filed at the French consulate in the home country to ensure that expatriate executives can enter France at the same time as their spouses and children. The ANAEM handles the procedures for expatriates' families and issues temporary residence cards marked "visitor" after a medical examination. The residence cards are issued for the same period for all family members. Family members accompanying expatriate executives must apply for entry visas at the same time as the executive even if the family does not plan to arrive in France for up to 10 months after the date of the visa on the employment contract.

For more information:  
Circular no. 133 of March 15, 2006.

### **6.2 Simplified access to employment for spouses**

Foreign spouses of corporate officers and senior executives are automatically issued work permits by the DDTEFP, regardless of the situation on the job market. To be eligible for a work permit, the spouse must have entered France lawfully and have a commitment from an employer for an open-ended employment contract drawn up under French law and stipulating a gross monthly salary of more than €2,000.

#### **AUTOMATIC ISSUE OF WORK PERMITS FOR EXPATRIATES' SPOUSES**

Spouses applying for a work permit must provide the local prefecture with three copies of their employment contract, the employer's commitment to pay the fee due to the ANAEM and documentary proof that their spouse's situation makes them eligible for the automatic procedure.

The prefecture staff will immediately send the application to the DDTEFTP for consideration. After it is approved, the spouse will be issued a temporary residence card marked "employee". If the employment contract is temporary, the spouse will receive a temporary residence card marked "temporary worker" and a temporary work permit.

The same requirements apply for renewing the work permit and the related residence card.

For more information  
Circular no.212 of May 7, 2004

ACT NO. 2006-911 OF 24 JULY 2006

The Act governing immigration and integration introduced a resident card especially for "seconded employees". Legislation provides issuance of a "Personal and family life" card for the family of a seconded employee who will be staying more than six months in France.

### **6.3 Public and private education available for children**

Children may be enrolled in state schools at any time of the year. Parents may also choose to pay for their children to attend a private school.

In elementary schools, children are either placed in ordinary classes or in introductory French classes for a few months, depending on their French language skills. In intermediate schools and high schools, children are either placed in ordinary classes with the option of extra help for French or in introductory classes for non-French-speaking pupils. There are also many schools offering international classes in all grades. Pupils in these programs take some of their classes in French and follow the French curriculum, with the rest of their classes taught by qualified teachers from the country concerned, in that country's language and following that country's curriculum. This program prepares pupils for a French Baccalaureate called Option Internationale du Baccalauréat (OIB), which is accepted by the universities of the other countries in the program.

For more information

See map of schools offering international classes:

[www.afii.fr](http://www.afii.fr)

List of universities and institutes of higher education.

Foreign diplomas recognized in France