

Tax Controversy

In 20 jurisdictions worldwide

Contributing editor
Jean A Pawlow



2015

GETTING THE
DEAL THROUGH 

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DEAL THROUGH 

Tax Controversy 2015

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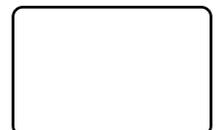


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Overview

1 What is the relevant legislation and who enforces it?

The relevant legislation is the tax law, and it is compiled in two different codes, the French Tax Code (FTC), and the French Tax Procedure Code (FTPC). The FTC provides the rules applicable to taxes, while the FTPC sets out the rules governing tax recovery procedures and tax controversies.

Tax law is enacted by the Parliament through finance acts that are passed at the end of each civil year, and, as the case may be, at any time during the year.

Tax law is enforced by the French Tax Authorities (FTA), and by the courts.

2 Other than legislation, are there other binding rules for taxpayers and the tax authority?

French tax law must comply with the provisions of, respectively, the French Constitution, the double tax treaties signed by France with third-party jurisdictions, the Treaty on the Functioning of the European Union, the directives issued by the European Union (the EU Directives), and the European Convention on Human Rights.

EU Directives are not as such directly applicable in the EU jurisdictions and are therefore transposed into the French tax law by the French parliament.

The FTA regularly issue comments, answers to questions from members of the French parliament and general rulings, which are compiled in French Tax Guidelines (FTG) that are published on their website. The FTG must not be contrary, or add to, the French tax law, and are binding on the FTA.

Taxpayers may also request the FTA to issue rulings on the application of French tax law to their personal situations that are also binding on the FTA, including in relation to third-party taxpayers if they are published.

3 How is the tax authority organised?

The FTA are part of an administrative division placed under the authority of the French Ministry of the Budget (DGFIP). The DGFIP is in charge of the management of tax matters (including the determination of the tax basis and the recovery of taxes), and tax audits. The DGFIP is composed of general and specialised services located in Paris, and local services in each French administrative department.

General and specialised services have jurisdiction over the entire French territory in respect of the management of tax matters relating to French business entities whose annual turnover exceeds €400 million and their subsidiaries, the tax audit of the most significant French business entities, the tax audit of wealthy individuals, the matters involving tax fraud, and the management of tax matters relating to non-French resident business entities and individuals. A specific central service, also based in Paris, is in charge of the drafting of the finance acts to be enacted by the French parliament, and the FTG.

Local services have jurisdiction over the management of tax matters and the tax audit of business entities and individuals located in their respective territorial scopes.

Enforcement

4 How does the tax authority verify compliance with the tax laws? What is the typical procedure for the tax authority to review a tax return and how long does the review last?

The FTA frequently review the periodic tax returns that taxpayers are required to file. In this context, they may request from taxpayers clarifications or justifications of the information included in a tax return, and from third parties further information on the relevant taxpayers.

If this review is not satisfactory, the FTA may either proceed with adjustments or conduct a full audit of the tax situation of the taxpayer. The rules governing tax audits differ depending on whether the taxpayer is a business entity or an individual (see question 5).

5 Are different types of taxpayers subjected to different reporting requirements? Can they be subjected to different types of review?

Business entities are required to file financial statements and tax returns, including for income tax and VAT purposes, in respect of each fiscal year. As from 8 December 2013, French companies whose annual turnover or gross asset value exceed €400 million, or which are related to a French or foreign entity exceeding one of these thresholds, or which are part of a French tax consolidated group including a company exceeding one of these thresholds, are required to prepare and file on a yearly basis transfer pricing documentation. Individuals who are subject to income tax on a household basis are required to file an income tax return and, for those whose net wealth equals or exceeds €2.57 million, a wealth tax return, in respect of each civil year.

The duration of tax audits conducted on business entities is generally not limited. As an exception, tax audits of business entities whose annual turnover does not exceed certain thresholds, depending on the nature of their activities, may not last more than three months.

Tax audits of individuals may not last more than one year, except if the individuals carry on an undisclosed activity or are involved in a tax fraud, in which cases the duration of tax audits may be extended to two years.

6 What types of information may the tax authority request from taxpayers? Can the tax authority interview the taxpayer or the taxpayer's employees? If so, are there any restrictions?

The FTA are generally entitled to request from taxpayers any information relating to the tax situation of the taxpayers for tax audit purposes.

During the tax audit of a business entity, the FTA would typically request copies (in paper, or, more usually, electronic format) of all documents supporting the financial statements and the tax returns filed by the taxpayer, such as business books and records, financial information, bank statements, transaction documents, invoices, receipts, etc. As from 1 January 2014, business entities whose accounts are maintained in electronic format are required to provide a soft copy of the file of the accounting entries, prepared in accordance with French accounting standards. Furthermore, business entities whose turnover exceeds certain thresholds (or which are related to such entities, or which are part of the same French tax consolidated group) must disclose their cost accounting (if they maintain one), and their consolidated statements (if they are required to maintain one for accounting purposes). Finally, business entities subject to the annual transfer pricing filing requirement (see question 5) are required

to disclose the foreign tax rulings granted to their non-French affiliates (whether or not those rulings concern the group's transfer pricing policy).

During the tax audit of an individual, the FTA would typically request bank statements as well as documents supporting the tax returns filed by the taxpayer, including clarifications and justifications as to assets and debts for wealth tax purposes.

The FTA would also interview the legal representative of the relevant business entity, or the taxpayer in the case of an individual, and both may be assisted by counsel.

7 What actions may the agencies take if the taxpayer does not provide the required information?

If a taxpayer fails to respond within one month to the formal notice issued by the FTA, they would be entitled to adjust the taxpayer's taxes unilaterally, based on the information available to them, and claim penalties that may amount to 100 per cent of the adjusted taxes.

8 How may taxpayers protect commercial information, including business secrets, from disclosure?

Agents of the FTA are, by law, subject to a duty of professional secrecy as regards information collected in the course of their duties.

As a consequence, taxpayers may not invoke a right of professional secrecy to refuse to disclose information requested by the FTA, including if the information request regards a third party. However, correspondence between attorneys and their clients are protected by the attorney-client privilege and do not have to be disclosed to the FTA.

9 What limitation period applies to the review of tax returns?

The review of tax returns is subject to statutes of limitations that vary depending on the nature of the tax:

Types of tax	Statute of limitations
Personal income tax, corporate income tax and assimilated income taxes	Expires on 31 December of the third year following the year in which the relevant tax is assessed. (However, where the taxpayer has generated tax loss carry forwards that may offset taxable income, the FTA are entitled to audit tax years during which those tax loss carry forwards were generated without any time limitation. The statute of limitations is further extended to 10 years if, inter alia, the taxpayer has carried out an undisclosed activity, or has not complied with specific declaration requirements regarding assets held outside France.)
VAT	Expires on 31 December of the third year following the year in which the relevant tax is assessed. (However, the FTA are entitled to request from the taxpayer any justification of deductible or refundable imputed VAT credits without any time limitation.)
Wealth tax and transfer taxes	Expires on 31 December of the sixth year following the year in which the relevant tax is assessed. (However, where the relevant assets were properly disclosed to the FTA, or the relevant act was properly registered with a tax office, the statute of limitations expires on 31 December of the third year following the year in which the relevant tax is assessed.)
Local taxes	Expires on 31 December of the first year, or the third year, depending on the tax, following the year in which the relevant tax is assessed.

Furthermore, the statute of limitations is interrupted by, inter alia, the notification to the taxpayer of a tax adjustment notice, and may be extended if, inter alia, the taxpayer is involved in a tax fraud (10 years), or the taxpayer incurs a criminal penalty (for two more years) or the FTA has requested information from non-French tax authorities (for a maximum of three more years).

10 Describe any alternative dispute resolution (ADR) or settlement options available.

Once the FTA have issued a tax adjustment notice, the taxpayer is entitled to raise arguments in writing to the relevant tax inspector, to meet with the tax inspector's direct manager, and, if the FTA disagrees with those arguments, to submit the case to the tax inspector's general supervisor and, as a last administrative step, to an independent tax commission.

The meeting with the tax inspector's general supervisor consists of an oral discussion based on the legal arguments and the factual circumstances

put forward by the taxpayer in its correspondence with the FTA. The tax inspector's general supervisor is entitled to reverse and/or negotiate the adjustments made by the FTA.

The meeting with the tax commission consists of a hearing before the commission of both the taxpayer and the FTA. The decision of the tax commission is not binding upon the parties (ie, a favourable decision to the taxpayer does not automatically give rise to the reversal of the adjustments but may positively influence the FTA, and a court as the case may be, and vice versa).

During the administrative review period, the payment of the adjusted taxes cannot be claimed from the taxpayer, and the parties are entitled to settle.

If, after the above-described administrative review period, the FTA still confirm the proposed adjustments (in whole or in part), the FTA issue a tax payment notice and the taxpayer may litigate the matter before the competent court, in which case the taxpayer has to request the FTA to defer the payment of the adjusted taxes (which would then fall due) until the decision of the court (see question 26).

11 How may the tax authority collect overdue tax payments following a tax review?

If taxpayers do not pay their taxes, the FTA are entitled to a preferential right over the non-real estate assets of the taxpayers, and may obtain a legal mortgage over their real estate assets.

The FTA may seize the real estate and personal property of the taxpayers, including amounts owed to them by third parties, and marketable securities.

The statute of limitation period for the recovery of taxes is four years (six years for taxes due by non-French tax residents established outside the EU in a country with which France has not concluded an agreement providing for assistance in the recovery of taxes).

Finally, where, following a tax review, the taxpayer had requested the opening of a mutual agreement procedure with a foreign authority (in practice in case of transfer pricing reassessments), the recovery of the reassessed taxes used to be held until the end of the procedure. Since 1 January 2014, this suspension of the recovery of taxes is no longer available to taxpayers.

12 In what circumstances may the tax authority impose penalties?

Penalties are generally imposed if taxpayers have filed inaccurate or incomplete tax returns, failed to timely file tax returns, or have not paid taxes when due.

Penalties may also be imposed in certain other circumstances (eg, where business entities fail to comply with invoice requirements or reporting obligations, or where taxpayers are involved in tax fraud).

13 How are penalties calculated?

Most of the penalties are assessed on the amount of tax that is adjusted, or that should have been filed (or timely filed), or that is unpaid (or paid late).

Penalties for inaccurate tax returns are assessed on the adjusted tax at the rate of 10 per cent in certain cases if the inaccuracy or the omission is not deliberate, 40 per cent if the inaccuracy or the omission is wilful, and up to 80 per cent if the inaccuracy or the omission is either fraudulent or constitutes an abuse of law.

Penalties for failure to timely file tax returns are assessed on the adjusted tax at the rate of 10 per cent if the filing was made before the expiration of the one-month period following a formal notice by the FTA, 40 per cent if it was made after that period, and 80 per cent if the taxpayer carried out an undisclosed activity.

Penalties for failure to pay taxes when due are assessed at the rate of 5 per cent or 10 per cent, depending on the taxes involved.

Other penalties are assessed at fixed amounts (eg, fines), or at proportional rates on amounts required to be declared (eg, the amount of invoices required to be issued, or the amount of payments required to be reported).

14 What defences are available if penalties are imposed?

As a general rule, the imposition of penalties must be justified by the FTA, in particular where penalties are imposed as a result of a tax adjustment, and the FTA argue that the inaccuracy or the omission is wilful, fraudulent or constitutes an abuse of law.

Taxpayers are entitled to request the cancellation of penalties that are not, or are insufficiently, justified.

In addition, where penalties are assessed on adjusted taxes, the reversal of the tax adjustments will result in the penalties being removed.

15 In what circumstances may the tax authority collect interest and how is it calculated?

The FTA are entitled to collect late payment interest in all circumstances where the payment of taxes has been improperly deferred (ie, if taxpayers have filed inaccurate tax returns, failed to timely file tax returns, or not paid taxes when due).

Late payment interest is assessed at the rate of 0.4 per cent per month. The late payment interest period generally starts accruing as from the month following the month in which the relevant tax should have been paid.

16 Are there criminal consequences that can arise as a result of a tax review?

Taxpayers may be indicted for tax fraud if they have fraudulently avoided, or tried to avoid, any tax liability, whatever the means used for this purpose (ie, deliberate failure to file tax returns, dissimulation of income, falsification of accounts, fraudulent bankruptcy, etc). However, the FTA and the prosecuting authorities must demonstrate the wilful intent of the taxpayers.

Prosecutions for tax fraud are brought before French criminal courts on the FTA's initiative. The filing of a criminal claim by the FTA is, however, subject to the consent of an independent tax commission in charge of criminal tax matters.

17 What is the recent enforcement record of the authorities?

According to their enforcement survey for the year 2013, the FTA achieved the following records: the amount of enforcement revenue recovered in 2013 is equivalent to the amount of enforcement revenue recovered in 2012, and the number of court proceedings increased by 16 per cent compared with 2012.

Third parties and other authorities

18 Are third parties involved in the authority's review of tax returns and what rights do taxpayers have with respect to their involvement?

The FTA are entitled to request information on taxpayers from third parties at any time. However, only third parties who are included in the list provided by the FTC (excluding, essentially, employees) are required to answer an information request from the FTA, and are subject to a fine if they fail to answer. As from 8 December 2013, the FTA are allowed to rely on information obtained illegally by third parties, to the extent that this information was regularly provided to the FTA.

Taxpayers have no specific right with respect to the involvement of third parties, but they must be informed of the source and content of the information communicated by the relevant third parties if the FTA use that information for tax adjustment purposes.

19 Does the tax authority cooperate with other authorities within the country? Does the tax authority cooperate with the tax authorities in other countries?

The FTA may request information on taxpayers from any other non-tax authorities. Certain authorities, such as courts and social security authorities, are required to disclose information to the FTA on their own initiative.

The FTA also cooperate with the tax authorities of other countries so as to ensure the proper application of the provisions governing the basis, control and recovery of taxes in each jurisdiction. In accordance with the administrative assistance provisions included in tax treaties, they may request information on taxpayers from the tax authorities of the third-party country, and solicit the assistance of such tax authorities to recover taxes.

EU Directive No. 2011/16/EU provides for cooperation and exchange of information between the tax authorities of EU Member States, which will become automatic as from 1 January 2015. Furthermore, France has ratified the protocol to the OECD convention providing, as from April 2012, for mutual administrative assistance between OECD Member States covering the exchange of information and the assistance in the recovery of any taxes, including indirect taxes, VAT and social security contributions.

France has also entered into a foreign account tax compliance act agreement with the United States, pursuant to which French financial institutions are required to provide to the FTA information regarding accounts held by US citizens and tax residents. The FTA will in turn communicate this information to the US tax authorities.

Special procedures

20 Do any special procedures apply in cases of financial or other hardship, for example when a taxpayer is bankrupt?

If the taxpayer carries out an activity that is either undisclosed or illicit, or is involved in tax fraud, and the FTA run the risk that their tax claim may be not recovered, they are entitled to take provisional measures steps against taxpayers, including seizures and judicial securities in amounts equal to the tax claim, so as to protect their interests.

21 Are there any voluntary disclosure or amnesty programmes?

On 21 June 2013, the FTA introduced a new voluntary disclosure programme in order to allow individual taxpayers to declare undisclosed foreign accounts and correct inaccurate or incomplete tax returns in exchange for reductions of penalties and fines that would have otherwise been applied (rather than reductions of taxes).

No amnesty programmes have been introduced in France to date.

Rights of taxpayers

22 What rules are in place to protect taxpayers?

French tax law provides for certain rights and guarantees for taxpayers.

Prior to conducting a full audit of the situation of the taxpayer, the FTA must provide the taxpayer with a tax audit notice, and the audited taxpayer's statement of rights (which includes, inter alia, the right to be assisted by a counsel). However, as from 6 December 2013, in case of undisclosed activity, the FTA are entitled to adjust the taxpayers' taxes unilaterally without issuing any formal notice.

During the tax audit process, the FTA is required to allow the taxpayer to state its case, and must allow the taxpayer to have access to the various independent tax commissions provided by the tax law.

Once the period for administrative review is over, the FTA must provide the taxpayer with the results and the consequences of the tax audit.

Furthermore, the FTA may audit taxes in respect of a given tax period (still open to tax audit) only once.

If the FTA does not comply with any of those rules, the taxpayer is entitled to claim the cancellation of the entire proceeding.

23 How can taxpayers obtain information from the tax authority? What information can taxpayers request?

Taxpayers may request from the FTA information on their personal tax situation. Any refusal by the FTA to respond must be justified.

In case of refusal or absence of reply within a one-month period, taxpayers are entitled to file a claim with an independent administrative commission.

24 Is the tax authority subject to non-judicial oversight?

The FTA are placed under the authority of the French Ministry of the Budget, a part of the French government.

Internal appeal boards in respect of tax audit matters include independent tax commissions, at both a local and a national level.

Decisions made by the tax commissions in charge of general tax audit matters are generally not binding upon the parties, but they may have an influence on the outcome of the tax audit or the following tax litigation.

Decisions made by the tax commission in charge of abuse of law are not binding on the parties either, but if the decision is favourable to the FTA the burden of proof before the courts is shifted from the FTA to the taxpayer.

Decisions made by the tax commission in charge of criminal tax violation are binding on the FTA (ie, the FTA may not file a criminal claim if the commission does not give its consent).

More generally, taxpayers may request the intervention of the ombudsman in charge of tax matters each time they enter into conflict with the FTA. The ombudsman's mission is to liaise with the FTA in order to resolve conflicts, and to remedy the cases of administration malfunctioning.

Update and trends

Over the past few years, relying on the abuse of law definition provided by section L.64 of the FTFC, the FTA are increasingly trying to challenge any transaction or structure that results in a tax benefit and that are either fictitious or cannot (in their view) be justified by legitimate business reasons. Furthermore, the FTA systematically review business restructuring operations involving the transfer of function or risks from French entities to entities established in foreign countries. Both of these concerns were addressed in the draft Finance Act for 2014, which provided, for a broader definition of the abuse of law, new transfer pricing requirements regarding business restructuring transactions and new disclosure requirements regarding tax optimisation schemes. Although the French Constitutional Court invalidated these proposals, it is likely that future draft finance acts will include similar provisions. France is also backing the OECD proposals for amending the double tax treaty model in order to adopt the anti-abuse measures provided for by the OECD reports on base erosion and profit shifting (BEPS) and the fight against hybrid instruments.

Court actions

25 Which courts have jurisdiction to hear tax disputes?

The courts that have jurisdiction to hear disputes related to income taxes, local taxes, other direct taxes and VAT are the administrative courts.

The courts that have jurisdiction to hear disputes related to wealth tax, transfer taxes and other indirect taxes, are the civil courts.

26 How can tax disputes be brought before the courts?

If the taxpayer disagrees with the tax adjustments proposed by the FTA, it will have to file a claim with the FTA pursuant to which it will formally request the reversal of the tax adjustments based on the arguments developed during the review period (see question 10).

The claim must be sent once the tax payment notice has been received by the taxpayer, and no later than 31 December of the third year following the year during which the tax adjustment notice was issued where the taxpayer is claiming against a tax adjustment. The claim generally also includes a request to defer the payment of the adjusted taxes until the decision of the court (see question 27).

The decision from the FTA must be made within a six-month period following the reception of the claim (this period can be extended from six to nine months). The absence of a reply is deemed to be a refusal.

If the FTA reject the claim (or do not reply), the taxpayer is entitled to bring a claim before the competent lower court within the two-month period following the reception of the letter informing the taxpayer of the refusal (or in case of a deemed refusal, at the end of the six-month period).

There is no minimal threshold amount for a claim. The claim can be brought by the taxpayer itself, or by its attorney.

Once they receive the claim brought by the taxpayer, the FTA will draft a brief in defence, and the taxpayer will be allowed to further issue a reply brief. The debate essentially consists of exchanges of briefs, although a hearing also takes place before the court.

The FTA may reverse the adjustments at any time during the proceeding.

Where the taxpayer has paid the adjusted taxes and the court decision is favourable to it, the taxpayer is entitled to the reimbursement of all the relevant taxes, plus interest at the statutory rate.

27 Must the taxpayer pay the amounts in dispute into court before bringing a claim? Can the costs of a dispute be recovered?

In principle, the payment of the adjusted taxes must be made once the tax payment notice is issued, even though the taxpayer decides to litigate before courts.

However, at the request of the taxpayer, the payment of the adjusted taxes (including penalties) may be deferred until the decision of the competent lower court.

The FTA generally subject the granting of a payment deferral to the provision by the taxpayer of sufficient guarantees for the payment of the adjusted taxes. The guarantees can consist of, inter alia, a cash payment to a special treasury current account, a deposit, marketable securities, inventories deposited in a warehouse approved by the French state and subject to a warrant endorsed to the benefit of the treasury services, mortgages or business pledges, etc.

Where the FTA consider that the guarantees offered by the taxpayer are not sufficient, they can decide to take protective measures such as seizures or the taking of judicial securities until a final decision is made by the court. Under certain conditions, the refusal of the guarantees offered by the taxpayer can be challenged before the judge in chambers within 15 days following the refusal. The judge must make a decision within a 30-day period.

If the court decision is favourable to the taxpayer, the fees incurred in connection with the provision of guarantees may be refunded.

If the court decision is favourable to the FTA, the adjusted taxes (including penalties) become immediately payable and are subject to a further penalty of 5 per cent as well as to late payment interest of 0.4 per cent per month calculated as from the date on which the adjusted taxes were due by the company (ie, when the tax payment notice has been issued).

28 Who is the decision maker in the court? Is a jury trial available to hear tax disputes?

The number of judges in French tax courts varies depending on the nature of the court and the level of jurisdiction:

Level of jurisdiction		Number of judges
Administrative courts	Administrative court	One to three
	Administrative court of appeal	Five
	Supreme Administrative Court	Three to 17 depending on the situation
Civil courts	Civil court	Three
	Civil court of appeal	Three (five if the case is sent back by the Supreme Civil Court)
	Supreme Civil Court	Three to 19 depending on the situation

Under French tax law, tax disputes are not heard by a jury.

29 What are the usual time frames for tax trials?

Decisions of the lower courts generally take place within a two-year period.

Although no reliable statistics are available in this regard, decisions of the courts of appeal may take up to four years, and decisions of the Supreme Tax Court may take up to six years.

30 Describe the discovery process for a tax trial.

French law does not provide for any discovery process, and tax trials are no exception to this rule.

In French tax trials, the FTA and the taxpayer must disclose to each other the legal arguments and factual circumstances that support their respective claims, and the evidence on which they rely, so that the other party may be in a position to evaluate and challenge those arguments, facts and evidence, as the case may be.

In the decision process, the decision maker may only take into consideration the arguments, facts and evidence that were produced by the parties.

31 What testimony is permitted in a tax trial?

Since the proceeding is in writing, testimony in principle is not heard in court but may be provided in the form of certificates.

However, courts are entitled to appoint experts to assist them for the purpose of verifying facts alleged by the parties, and those experts may hear testimony.

32 Who can represent taxpayers in a tax trial? Who represents the tax authority?

Is legal representation required?			
Courts		Taxpayers	FTA
Level of jurisdiction			
Administrative courts	Administrative court	No (representation by the taxpayer or by its attorney)	No
	Administrative court of appeal	Yes	No
	Supreme Administrative Court	Yes	No
Civil courts	Civil court	No	No
	Civil court of appeal	Yes	No
	Supreme Civil Court	Yes	Yes

The FTA is represented by the DGFIP or its agents.

Taxpayers who cannot afford legal representation may request legal aid. French legal aid is granted to individuals whose monthly earnings for the previous year are below €929 for overall legal aid, and €1,393 for partial legal aid.

33 Are tax trial proceedings public?

Tax trial proceedings are public.

34 Who has the burden of proof in a tax trial?

The burden of proof varies depending on the taxation procedure:

Taxation procedure	Burden of proof
The FTA have adjusted the taxpayer's taxes after a tax audit, and the relevant tax commission in charge of general tax audit matters (i) agrees with the FTA, (ii) disagrees with the FTA	(i) FTA, or the taxpayer if financial statements required to be produced are either not available or irregular (ii) FTA
The FTA have adjusted the taxpayer's taxes unilaterally	Taxpayer
The FTA have adjusted taxes based on the abuse of law theory, and the relevant tax commission in charge of abuse of law matters: (i) agrees with the FTA, (ii) disagrees with the FTA	(i) Taxpayer (ii) FTA

35 Describe the briefing process for a tax trial.

The exchange of briefs is organised by the courts (ie, each party only addresses its briefs to the court, and the court communicates the brief to the other party with a time limit to reply). If any party fails to reply in time, it is deemed to have accepted the arguments of the other party.

The courts may request the parties to produce recapitulative briefs to include all arguments, facts and evidence brought forward during the course of the proceeding.

Once briefs have been exchanged, the courts will issue an order for termination of the proceeding. Briefs that are produced after that order are generally not examined by the courts.

36 Can a court decision be appealed?

If the court decision is not satisfactory to the taxpayer, or to the FTA, an appeal can be brought before the competent court of appeal, and ultimately before the French Supreme Tax Court.

The appeal to the court of appeal must be filed within a two-month period as from the date of notification of the court decision.

The appeal to the Supreme Tax Court can be filed within a two-month period as from the date of notification of the decision of the court of appeal, but only in case of breach by the court of appeal of a rule of law. The Supreme Tax Court may either dismiss the appeal, or cancel in whole or in part the decision of the court of appeal, in which case the case is sent back to the same court of appeal or to another one. If a second appeal is made to the Supreme Tax Court, the Supreme Tax Court decides the case itself, and its decision becomes final.

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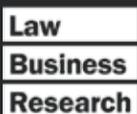
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