

GMS Flash Alert

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France – Withholding System Deferred until January 2019

A recent decree defers the entry into force of the personal income tax withholding system (*prélèvement à la source de l'impôt sur le revenu*) in France and modifies the reference years to be used for its transitional measures.¹

WHY THIS MATTERS

The decree formally puts on hold the implementation of a withholding at source system for collecting income tax from salaries and other income. This deferral relieves employers from having to put systems and processes in place according to the original timeframe envisaged under the former government of Francois Hollande. It will be “business as usual” for the upcoming tax season – which means 2017 personal income tax will be fully collected in 2018 – but there is still no certainty as to what will happen next.

Next Steps for the Planned Withholding System

In addition to the deferral of the personal income tax withholding system in France, the reference years to be used for its transitional measures have been modified. This had been announced in an earlier [GMS Flash Alert 2017-103](#) (14 June 2017), but the measure has now been formalized.

The decree, issued on 22 September 2017, provides for a deferral of the withholding of French personal income tax to 1 January 2019. The decree also modifies the reference years of the transitional measures accompanying the implementation of the withholding. 2017 personal income tax will therefore be fully collected in 2018.

It should be noted, however, that section 10 of the enabling law (no. 2017-1340) of 15 September 2017, provides that the French government is to submit to Parliament, by the end of September 2017, a report:

- on the experimental application of the proposed system and on the review conducted by the general inspectorate of finances and an independent firm; as well as
- on the application of alternative solutions aimed at improving its functioning.

Please note that it is possible further changes will occur, including, potentially, the abandonment of the proposed withholding regime.

FOOTNOTE:

1 See: [*Ordonnance n° 2017-1390 du 22 septembre 2017 relative au décalage d'un an de l'entrée en vigueur du prélèvement à la source de l'impôt sur le revenu*](#) and [*la loi n° 2017-1340 du 15 septembre 2017 d'habilitation à prendre par ordonnances les mesures pour le renforcement du dialogue social*](#).

Also, see: [*Rapport au Président de la République relatif à l'ordonnance n° 2017-1390 du 22 septembre 2017 relative au décalage d'un an de l'entrée en vigueur du prélèvement à la source de l'impôt sur le revenu*](#).

Also see [*Compte rendu du Conseil des ministres du 22 septembre 2017*](#), "Prélèvement à la source de l'impôt sur le revenu."

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Good-bye *The Expatriate Administrator*, Hello *Mobility Matters*!

We invite you to read "**Are Companies with U.K. Operations Up-to-Date with the U.K.'s Expenses and Benefits Rules?**" by Hashina Nagar, KPMG LLP (U.S.), published this week in the new [*Mobility Matters*](#), the KPMG GMS practice's brand new online journal containing high-quality, insightful, finger-on-the-pulse articles covering trends and developments affecting global mobility. *To read the article, click [here](#).*

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