

GMS Flash Alert

2017-150 | October 12, 2017



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."

* * * *

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](#).*

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with Fidal in France:



Alain Loehr
Partner
Tel. +33 (0)1 55 68 15 66
Alain.Loehr@fidal.com

Ann Atchadé
Partner
Tel. +33 (0)1 55 68 16 96
Ann.Atchade@fidal.com

The information contained in this newsletter was submitted by FIDAL in France.

www.kpmg.com

kpmg.com/socialmedia



The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The KPMG logo and name are trademarks of KPMG International. KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever. The information contained in herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Flash Alert is a GMS publication of KPMG LLP's Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our GMS practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com>.

© 2017 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in the U.S.A. NDPS 530159