

GMS Flash Alert

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France – COVID-19: Tax Authorities Provide Guidance on Impact on Residency

The French tax authorities have recently published guidance¹ on their website as to whether an individual's presence in France due to COVID-19-related travel restrictions and confinement impacts that person's residency status in France.

WHY THIS MATTERS

The French tax authorities' guidance provides welcome relief in cases where individuals have had to spend additional time in France due to the COVID-19 outbreak and there is concern about a change in their residency status.

Force Majeure

Article 4 B-1 of the General Tax Code provides that individuals are domiciled in France if they:

- have their home or their main place of abode in France;
- exercise in France a professional activity, salaried or not, unless it is only on an ancillary basis (executives of large French companies are always deemed residents of France under French domestic rules);
- have the centre of their economic interests in France.

This, of course, is subject to the provisions of the tax treaties that France has signed with many countries.

The French authorities have clarified that, in their view, a temporary stay in France, due to confinement or travel restrictions is not likely to result in an individual acquiring a tax residence in France under either French domestic rules or treaty rules.

If a person is temporarily prevented from leaving France due to COVID-19, i.e., a case of *force majeure*, it is not likely, for this reason alone, that the authorities will consider that that person has established a home in France or has his or her centre of vital interests in France. This is in line with the OECD's call for an exceptional level of coordination and co-operation between countries, notably on tax issues, to mitigate the potentially significant compliance and administrative costs for employees and employers.²

KPMG NOTE

This guidance will be welcomed by employees (and their employers) who are concerned about the impact on their French residency position of having to spend additional time in France due to COVID-19. Each person's situation should be carefully analysed to establish whether indeed the reason for the (over)stay in France was solely COVID-19-related.

FOOTNOTES:

1 See (in French) the following webpage "[Résidence fiscale et confinement crise Covid](#)" on the www.impots.gouv.fr website.

2 See "[OECD Secretariat Analysis of Tax Treaties and the Impact of the COVID-19 Crisis](#)" (3 April 2020), published online by the OECD.

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KPMG LLP (U.S.) Is Hosting a Webcast on 30 April: "Employer Liquidity: Payroll Tax Deferrals & Employee Retention Credits"

30 April 2020, 2:00 PM (EDT, GMT -5)

KPMG LLP (KPMG) is pleased to invite you to a 60-minute webcast on the payroll tax deferral and employee retention credit. Professionals from the Compensation & Benefits group of the Washington National Tax practice as well as the Global Mobility Services and Accounting Methods & Credits Services practices will discuss:

- Key considerations and updates on payroll tax deferrals
- Recent guidance on the employee retention credit
- Implementation of these key provisions of the CARES Act
- Other related developments.

For more information and to register, 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 the KPMG Avocats in France:



Alain Loehr

Partner

Tel. +33 (0)1 55 68 48 32

alainloehr@kpmgavocats.fr



Ann Atchade

Partner

Tel. +33 (0)1 55 68 48

annatchade@kpmgavocats.fr

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