

FRANCE'S INVESTMENT PROSPECTS: A CHANGE IN SENTIMENT

A seminar at the law firm **FTPA** explored new opportunities in France under Macron



On 22 May, the FTPA London office overlooking St Paul's Cathedral was the setting for an evening of talks around the topic of 'The changing legal landscape for doing business in France under Macron.'

Sponsored by FTPA, the speakers comprised Jean-François de Clermont-Tonnerre, Owner, AUM Asset Management; Alexandre Ebtadaei, Partner, Head of Employment Practice, FTPA; Eniga de Montfort, Partner, Solicitor of the Senior Courts of England and Wales, FTPA; and Coralie Oger, Partner, Paris Bar, FTPA.

Macron mania

France has been perceived as having strict labour codes, high taxes, and a strong level of bureaucracy, deterring foreign investment, according to Eniga de Montfort.

Emmanuel Macron's election as President in 2017 prompted a 'change in the sentiment in France' and renewed optimism for investors. The slogan '#ChooseFrance because we are open for business' reflects Macron's ambitions to use Brexit as leverage in creating a more welcoming environment for foreign investment, she says.

A dinner gathering business leaders in early January was demonstrative of this goal, with Facebook, Toyota and Google amongst others announcing future investment and job creation.

Labour reforms

Alexandre Ebtadaei outlined three executive orders demonstrating Macron's goal of social transformation alongside legislative reform:

1. Favouring labour relations

Employers, previously bound by labour codes and a sectoral collective bargaining agreement (CBA) which ruled almost any aspect of employer-employee relations, can now have a code tailor made to their business, bypassing Trade Unions, with only limited exceptions.

2. Reorganisation and simplification

Various committees were united under the Social and Economic Committee (SEC), enhancing efficiency through fewer meetings and ensuring informed decisions on collective agreements negotiated directly with local SEC representatives. Consultation

timings with the SEC are reduced and set for certain situations, so as not to block corporate transactions.

3. Dismissals and predictability

Dismissals now have a standardised approach, with less risk that the final ruling would be deemed unfair, a harmonised statute of limitations and clarity in potential employer costs.

Tax and other reforms

Coralie Oger highlighted Macron's main tax-based reforms whereby the corporate tax rate will be reduced from 33.33 percent to 25 percent by 2022 and a 3 percent tax on dividends will be removed, with a new tax applicable those with a global turnover of more than €1bn.

For individuals, a flat tax on income from capital now applies to all at only 12.8 percent (income) and 17.2 percent (social), crucially applicable to non-French tax residents, and, rather than a wealth tax, a new real estate wealth tax over 1.3m euro will apply, with the aim to 'develop entrepreneurs and to help investors to invest in France and not to be penalised.'

'We have other [non tax based] reforms to develop investment in France', added Oger, with the aim 'to simplify all the information given to the shareholder [and] to try to reduce democracy and help small companies to develop.'

An entrepreneur's perspective

Jean-Francois de Clermont-Tonnerre said that primary restrictions to investment are uncertainty, the attitude of the tax authorities, and, for the French, the language.

When making the decision to move people to another country, 'none of us are going to move significantly if we are not sure that for the next 10 years we have visibility,' he says.

The English already have an advantage in speaking the international language and the HMRC has a system well-adapted to the understanding of the international structure. Tax authorities in France need to develop a better understanding of how situations differ at an international scale, adapting their perceptions and knowledge accordingly.

Jean-François is optimistic on that count: 'The French feel more comfortable with the world, with Macron.' ■ SL