

TAX ON CERTAIN DIGITAL SERVICES PROVIDED BY LARGE ENTERPRISES IN THE DIGITAL SECTOR (TSN)

Filing returns and paying the TSN in 2019

- Enterprises liable for payment of the TSN instalment in 2019 ([Article 1693 quater of the General Tax Code](#))

Enterprises which file monthly returns or which are not liable for VAT in France will have to pay an instalment based on the return for October 2019 which will be filed in November of that year.

- Calculation of the instalment and payment conditions ([Article 299 bis of the General Tax Code](#) and [Article 299 quater of said Code](#))

Calculation of the instalment	
Principle	<p>The instalment is for the amount of tax that should have been assessed on the basis of revenue received in 2018 for provision of taxable services.</p> <p>Definition of revenue received for provision of a taxable service:</p> <ul style="list-style-type: none">– for making a digital interface available (subparagraph 1° of Article 299(II) of the General Tax Code: sums paid by the users of this interface with the exception of those paid in consideration of goods and services which represent, from an economic standpoint, transactions that are separate from access to and use of the taxable service– for advertising services sold to advertisers (subparagraph 2° of Article 299(II) of the General Tax Code: sums paid by advertisers or their agents in consideration of the actual placement of advertising or any other transactions closely related to this from an economic standpoint <p>Sums excluded from the tax base:</p> <p>For services for making a digital interface that fosters the sale of products (marketplace) available, amounts having a direct and inseparable link with the volume or value of sales of:</p> <ul style="list-style-type: none">– energy or electricity products– spirits and alcoholic beverages– manufactured tobacco products

Taxable base	<p>The amount of taxable revenue excluding value added tax = total worldwide revenue received in 2018 for provision of taxable services x digital presence coefficient in France for 2019</p> <p><u>Definition of digital presence coefficient</u></p> <p>For 2019, the percentage of representation is assessed from 26 July to 31 October 2019 under the conditions set out in the table below:</p>			
		<u>Subparagraph 1° of Article 299 of the General Tax Code</u>		<u>Subparagraph 2° of Article 299 of the General Tax Code</u>
		Marketplace	Other services that provide a platform for users to interact with one another	Targeted advertising
	Numerator	Number of transactions carried out for which: – the buyer is based in France but not the seller – the seller is based in France but not the buyer – the buyer and seller are both based in France	Number of accounts that were opened when the user was based in France.	Number of advertising impressions displayed on a digital interface consulted by a user based in France.
	Denominator	Total transactions	Total open accounts	Number of users whose data has been sold where all or part of this data was generated or collected from France.
Rate	3%			
Amount of instalment	Amount of taxable revenue x 3%			

- **Conditions for filing returns and paying the instalment owed in 2019 ([Article 1693 quater of the General Tax Code](#))**

Principle	Filing returns and making payments online is mandatory		
Form	Appendix no. 3310 A to the VAT return		
Payment deadline	Enterprises filing monthly VAT returns	Enterprises not identified for VAT in France	Enterprises filing quarterly or annual VAT returns
	Based on the return filed in November 2019 for October 2019	Prior to 25 November 2019	These enterprises are not required to pay a TSN instalment in 2019
	Within the same deadline as the VAT return		

- **Return filing location**

Managing departments	Enterprises having a permanent establishment in France	Enterprises that do not have a permanent establishment in France and that are not required to appoint a tax representative in France (1)	Enterprises that do not have a permanent establishment in France but that are required to appoint a tax representative in France (1)
	Business Tax Department or Large Business Directorate which manages your enterprise's affairs	<p>To access online services, you must have your enterprise registered beforehand with the Foreign Business Tax Department (SIEE) whose contact details are as follows:</p> <p style="text-align: center;">Service des impôts des entreprises étrangères (SIEE) 10 rue du Centre TSA 20011 93465 Noisy-le-Grand Cedex Telephone: + 33 (0)1 57 33 85 00 Email: siee.dinr@dgfip.finances.gouv.fr.</p> <p>Once your enterprise has been registered with the SIEE, you can set up and activate your business account via the Internet in order to access the online filing and payment services.</p> <p>For further information, consult the international section of the impots.gouv.fr website: https://www.impots.gouv.fr/portail/international and especially the following headings:</p> <ul style="list-style-type: none"> –Registration procedures when setting up, transferring or discontinuing a business –Tax obligations for businesses without a permanent establishment in France –Using online procedures without a permanent establishment in France 	<p>You must appoint a tax representative to file returns and pay the TSN.</p> <p>The competent department for receiving your returns is the business tax department in the location where your enterprise's tax representative is taxed.</p>

(1) Taxpayers which are not established in a Member State of the European Union or in any other State party to the agreement on the European Economic Area that have concluded with France a tax treaty containing an administrative assistance clause to combat tax evasion and avoidance, and a mutual assistance agreement for the recovery of taxes, must have a representative liable for VAT accredited by the competent tax department.

- **Special case: option for centralised filing and payment for enterprises belonging to a group within the meaning of Article L.233-16(II) of the Commercial Code ([Article 1693 quater B of the General Tax Code](#))**

Taxpayers eligible for the option	<p>–Taxpayers who are not subject to the simplified VAT regime</p> <p>–Enterprises which are members of a group within the meaning of Article L.233-16(II) of the Commercial Code with other enterprises which are liable for the TSN</p>
Condition for the option	Agreement of all the group members that are TSN taxpayers.
Consequences of the option	<p>The taxpayer designated as “reference taxpayer” must carry out filing and payment procedures for all members of the group. For 2019: payment of the instalment owed in November 2019 according to the above-mentioned conditions.</p> <p>The group’s taxpayers other than the reference taxpayer have no filing and payment obligations.</p> <p>Each group member is jointly and severally liable for payment of the tax and, where applicable, interest on arrears and penalties.</p> <p>Benefit: choice of designating a single company to file a single return and make a single payment for all the group members.</p> <p>Consolidated VAT payment, as provided for in Article 1693 ter of the General Tax Code, does not apply to the TSN.</p> <p>When the TSN payment option is exercised at group level, the option for consolidated VAT payment no longer applies to the TSN. For all enterprises having opted for the TSN group, including those which are members of a VAT group, the tax is declared and paid by the head of the TSN group. For enterprises which are members of a VAT group, VAT and related taxes other than the TSN are still paid by the head of the consolidated VAT payment group.</p>
Terms of the option	Option filed with the business tax department which manages the affairs of the taxpayer exercising the option using a format to be set out in the Official Public Finances Bulletin (BOFIP).
Effective date of the option	<p>The application from the reference taxpayer must be received by the tax department which manages its affairs during the year preceding the filing of the return as from which the taxpayer wishes to file returns and make payments for the entire consolidated group.</p> <p>So as to take effect for the instalment owed in November 2019, the option must be exercised by 31 October 2019 at the latest.</p>
Term of the option	At least three years.
Cancellation of the option	<p>The option may only be cancelled as from the third year following the year in which it took effect.</p> <p>Cancellation must be requested from the business tax department which manages the affairs of the taxpayer having exercised the option.</p>
Effective date for cancellation of the option	Payment or repayment as from the return filed in the year following receipt of the cancellation application.