

# Doing Business in France



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# Contents

Contact Us in France	04
Foreword	05
Demographic and Environmental Overview	06
Political System	07
Schengen Area Overview	08
Economics	09
Communication and Transportation	10
Consumer Protection and Special Industries	11
Legal Framework for Business	12
Taxation	13
Labour Law	14
E-business Legal Framework	15
AI Legal Framework	16
Sustainability Reporting	17
Appendix	18

# Contact Us in France

## PKF Arsilon

PKF Arsilon is a national player in business accounting, assurance and advisory services.

A key partner to companies and their managers, we have more than 850 employees and 70 partners in 30 offices across France.

We assist businesses in managing all stages of their structuring, development and transformation. Our regional roots and the strength of our network enable us to build teams of experts around your issues.

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# Foreword

France, the world's seventh-largest economy, is a key player in international trade. A founding member of the European Union, the Schengen Area and the Eurozone, France enjoys a strategic position at the heart of Europe and a market of more than 450 million consumers.

It offers a stable environment, high-performance infrastructure and a solid legal framework for companies. Whether thanks to its strong sectoral diversity (industry, technology, luxury goods, agri-food, etc.) or its commitment to innovation, France is a destination to be favoured by investors.

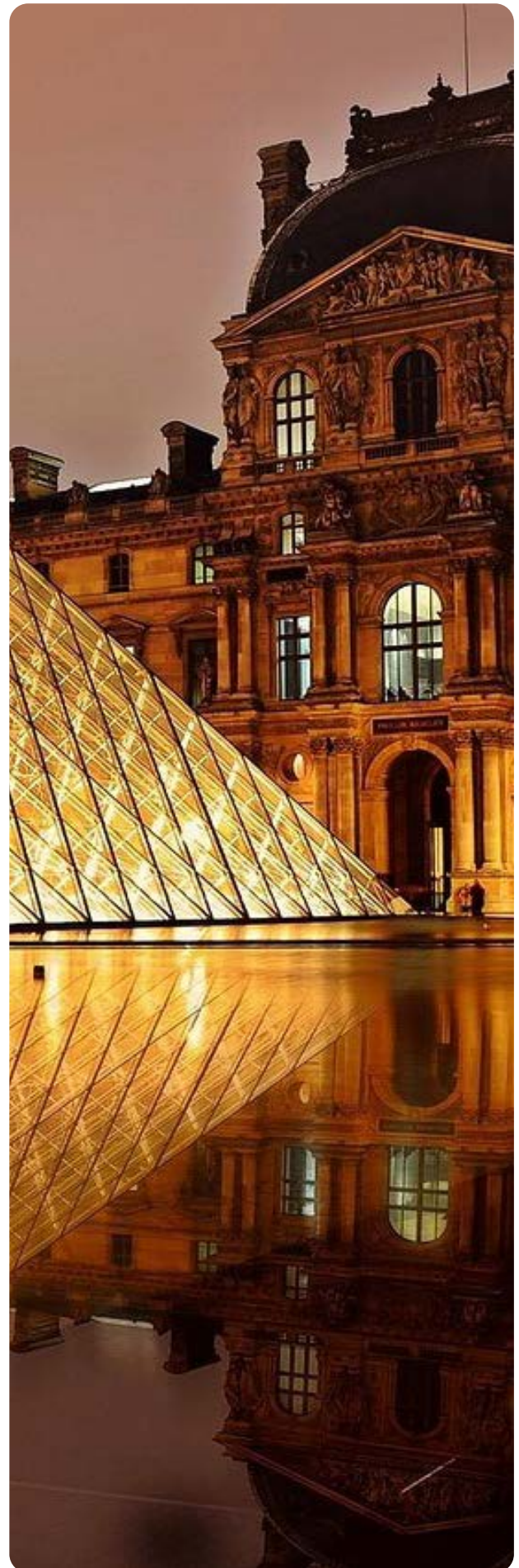
## Why Work with Us?

With a presence in 30 locations throughout the country, our experts have a deep understanding of territorial issues and know how to adapt to the specific requirements of our clients. In 2024, PKF Arsilon was recognised as a *société à mission*, demonstrating our commitment to the territories and our overarching objective to deliver a sustainable social, environmental and economic impact.

Excellence, audacity and commitment lie at the core of the PKF Arsilon experience.

We support organisations, leaders and entrepreneurs in managing all stages of a company's life, from structuring and development to transformation and expansion. Our specialists provide a full suite of professional services, including accounting, auditing, consulting (strategy, transactions, restructuring and sustainability), payroll, HR, training, legal, tax and consolidation services.

**Together, let's make tomorrow the best opportunity.**



# Demographic and Environmental Overview

France, officially the French Republic, is located in Western Europe. It has a total area of 543,908km<sup>2</sup> (mainland France), or 632,702km<sup>2</sup> including the overseas territories. It is bordered by the English Channel to the north, the Atlantic Ocean to the west and the Mediterranean Sea to the south. France's land borders extend for about 2,913km and are shared with 11 countries: eight in Europe (Belgium, Luxembourg, Germany, Switzerland, Italy, Monaco, Spain and Andorra) and three via its overseas territories (Brazil, Suriname and Saint Martin).

France has a diverse landscape, ranging from mountainous regions including the Alps (with Mont Blanc standing at 4,807m), the Pyrenees and the Massif Central to vast agricultural plains in the Paris Basin and the Loire Valley. The climate is mostly temperate, with Mediterranean influences in the south and oceanic influences in the west.

France has several large metropolises offering excellent interconnectivity for trade and commerce, including Paris, Lille, Marseille, Lyon, Bordeaux, Toulouse, Nantes, Nice, Rennes, Montpellier, Strasbourg, Toulon and Le Havre.

The French population was estimated at 68.6 million inhabitants in 2025, comprising about 66.3 million in mainland France and 2.3 million in the overseas territories (Guadeloupe, Martinique, French Guiana, Reunion Island, Mayotte). Average population density is 124 inhabitants/km<sup>2</sup>, but it is much higher in urban areas, particularly in Île-de-France. The population growth rate is low (+0.15% in 2025), reflecting a moderate birth rate (9.7%) and a long life expectancy (83.2 years on average). The population is ageing: 22% are over 65 years old, compared to 17% under 15 years old.

The country benefits from a skilled workforce, supported by a high-performance education system and advanced technological infrastructure. France is also recognised for its cultural and tourist attractiveness, which reinforces its position as a global leader and a major hub for foreign investment.



# Political System

France is a unitary, secular, democratic and social republic. It is governed by the Constitution of the Fifth Republic, adopted in 1958. Its system is semi-presidential, combining a strong president and a government accountable to the two-chamber Parliament, the Senate and the National Assembly. It is based on the principles of separation of powers, national sovereignty and respect for fundamental rights, symbolised by the motto **'Liberty, Equality and Fraternity'**.

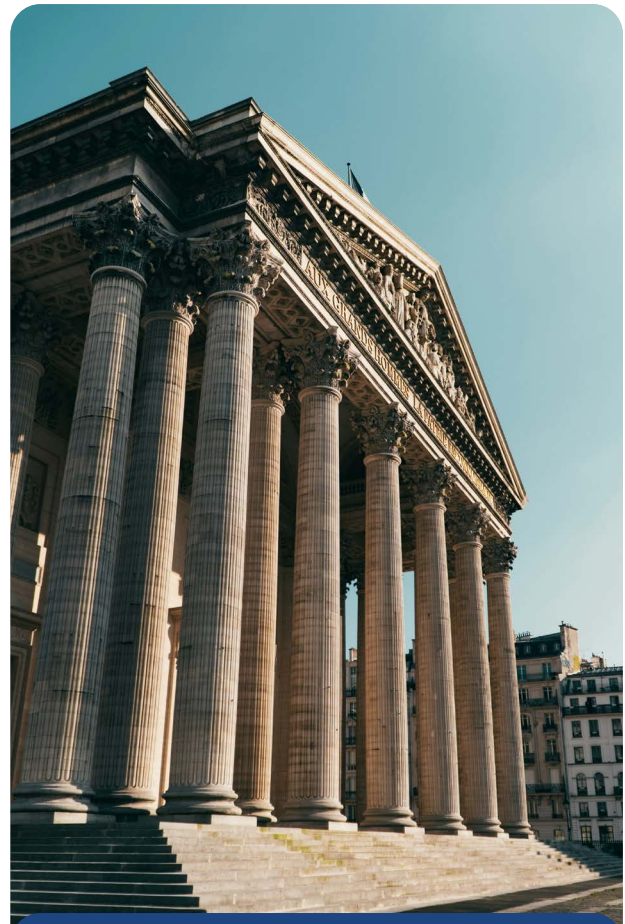
The President of the Republic, elected by direct universal suffrage for a five-year term, ensures the continuity of the state and has extensive powers (appointment of the prime minister, dissolution of the National Assembly, recourse to a referendum). He is also the head of the French armed forces.

Legislative power is exercised by Parliament, composed of the National Assembly (deputies elected by universal suffrage every five years) and the Senate (senators elected by an electoral college every six years).

Executive power is vested in the government, headed by the prime minister. It implements national policy and oversees public administration.

The judiciary, through its independence, is the guarantor of the rule of law. It is supplemented by specialised courts such as the Constitutional Council, the Council of State and the Court of Cassation, in order to guarantee the proper application of the law for all.

France is a founding member of the European Union and actively participates in international bodies (UN, OECD, WTO, G7, G20). Its political system is renowned for its institutional stability, although marked by regular political alternations.



## Did you know?

France is not the oldest continuous democracy in the world (that title goes to the United States), but it is one of the cradles of modern democratic ideals. The Declaration of the Rights of Man and of the Citizen (1789) inspired many constitutions around the world, including that of the United States, with the contribution of Major General de La Fayette.

# Schengen Area Overview

France has been a member of the Schengen Area since its creation in 1995. This agreement allows the free movement of goods and people between 27 European countries without internal border controls. This brings several benefits for companies and investors:

- easier mobility for employees, partners and customers in the EU;
- simplified procedures for business travel and freight transport; and
- access to the Schengen visa, whereby third-country nationals can obtain a single visa for travel in all member countries.

The Schengen Area reinforces France's attractiveness as a European hub, offering direct access to a market of more than 450 million consumers.



# Economics

France is the seventh-largest economy in the world and the second-largest in Europe, behind Germany. Its nominal GDP stood at around €2,917.4 billion in 2024, with a GDP per capita close to €42,500. The French economy is based on a diversified structure:

- **Industry:** Aeronautics, defence, automotive, luxury goods, chemicals and agri-food.
- **Agriculture:** The EU's leading agricultural producer, renowned for its wines, cereals and dairy products.
- **Services:** A dominant sector, accounting for nearly 70% of GDP, with strong centres in finance, tourism and business services.
- **Exports:** Luxury goods, wines and spirits, technology, industrial equipment.

France is a key player in the European Union, a member of the G7, the G20 and the euro area. Paris is a major financial centre, strengthened since Brexit.



# Communication and Transportation

## Communication

France has one of the most advanced telecommunications infrastructures in Europe. The sector represents a strategic pillar of the economy, with a turnover of more than €33 billion in 2024, dominated by mobile and internet services (95% of the market).

- **Internet and fibre optics:** The national [France Très Haut Débit](#) programme aims to achieve full fibre-optic coverage (using fibre to the home (FTTH) technology) by 2025, supported by public investment of €3.5 billion and additional funding for rural areas.
- **5G and mobile:** The roll-out of 5G is underway, led by the regulator (ARCEP), with rapidly expanding national coverage. The main operators are Orange, SFR, Bouygues Telecom and Free Mobile. France has more than 60,000 5G sites open in mainland France, an exceptional ratio in Europe, guaranteeing ultra-efficient connectivity for companies.
- **International connectivity:** France is connected by underwater fibre-optic cables and satellite stations, in particular via Marseille, which is becoming a major hub for data exchanges between Europe, America, Africa and Asia.
- **Digital services:** 'Triple-play' offers (internet, telephony, TV) are widely accessible, with some of the most competitive rates in Europe.

The country ranks among the leaders in digital penetration and innovation in telecoms, helping France to promote entrepreneurship, facilitate exchanges of consumer goods and drive business growth.

## Transportation

France benefits from a dense and diversified transport network, considered one of the most efficient in the world.

- **Roads:** The road network totals 1.1 million kilometres, including 11,751km of motorways, providing full coverage of the territory.
- **Rail:** The railway network extends over 27,600km, with high-speed lines (TGV) connecting major cities and major projects such as the Grand Paris Express (200km of automated metro) and the Lyon–Turin link for freight and passengers.
- **Urban transport:** Metro systems, tramways and RER lines cover the main metropolitan areas, with 1,400km of lines in 2023.
- **Ports and waterways:** France has 4,800km of navigable waterways and major seaports (Le Havre, Marseille, Dunkirk), supporting river and maritime transport.
- **Air transport:** With 63 airports, including Paris–Charles de Gaulle (second-largest European hub), the country is a key player in international air transport.
- **Sustainable mobility:** 2025–2030 projects include the development of high-speed rail lines (Bordeaux–Toulouse, Paris–Normandy) and the Seine–Nord Europe Canal, aiming to reduce emissions and ease road congestion.

# Consumer Protection and Special Industries

France applies strict consumer protection rules and sector-specific regulations to guarantee transparency, safety and fair business practices. Any company operating in France must comply with these requirements to maintain consumer trust and avoid legal or financial penalties.

## Key Consumer Protection Principles

- **Clear information:** Businesses must provide accurate and complete details regarding prices, product characteristics, warranties and withdrawal rights, including the legally required 14-day cooling-off period for online purchases.
- **Product safety:** Goods and services must comply with stringent national safety standards. Compliance is monitored by the DGCCRF (French regulator), which can impose sanctions in case of violations.
- **Fair practices:** Misleading advertising, aggressive or forced sales techniques and abusive contractual clauses are strictly prohibited.

## Special Industry Regulations

- **Healthcare and pharmaceuticals:** Regulated by ANSM, which oversees the safety and quality of medicines and health products.
- **Financial services and insurance:** Supervised by the AMF and ACPR, responsible for investor protection, market integrity and the prevention of fraud.
- **Energy and telecommunications:** Regulated by CRE and ARCEP, which ensure transparency, fair pricing and high-quality service delivery.
- **Food industry:** Subject to rigorous sanitary inspections and compliance procedures.

## Current Challenges

- **E-commerce and digital risks:** Increased vigilance is required to protect consumers from online fraud, deceptive platforms and digital scams.
- **Data privacy:** Companies must comply with General Data Protection Regulation (GDPR) obligations regarding the protection, processing and storage of personal data.
- **Sustainability:** Consumers and regulators are increasingly demanding environmental transparency and responsible production practices.

## Main Authorities

- **DGCCRF:** Leads consumer protection and fraud control.
- **Sector regulators:** Include ANSM, AMF, ACPR, CRE and ARCEP, depending on the industry concerned.

# Legal Framework for Business

The choice between a sole proprietorship, a limited liability company, a subsidiary, a branch or any other corporate form requires a detailed and comparative analysis, as it directly influences the tax regime applicable to the profits generated in France.

Certain structures are better suited for group-level organisation, while others are more appropriate for small businesses or for holding passive investments. The **SARL** (which may also be formed with a single shareholder) is a limited liability structure and is probably the most common corporate form in France. Despite certain statutory constraints, it remains a practical and efficient option. SARLs are automatically subject to corporate tax, unless their sole shareholder is an individual, in which case they may elect to be taxed differently.

SAs and SAS are widely used within large corporate groups.

The **SA** operates under a highly regulated framework and must have at least two shareholders (or seven if publicly listed). The **SAS**, on the other hand, offers far more flexible statutory rules and may be formed with a single shareholder. Both SAs and SAS are automatically subject to corporate tax.

In addition to commercial structures such as SA or SAS, France also offers a wide range of civil companies, which operate under a different tax and legal regime. These entities are generally not subject to corporate tax, as their profits are deemed to be received directly by the partners, who are taxed individually based on their share in the capital.

Careful consideration is required when choosing a civil company to conduct business activities in France. Civil entities are not intended to carry out activities considered 'commercial' under French tax law. If they do, they risk losing their civil status for tax purposes. It is therefore essential to ensure full consistency between the company's stated purpose (corporate object) and its actual operations. In addition, unlike a SARL, partners in a civil company have unlimited liability, which must be taken into account.

Depending on the nature of the activity, French law provides access to various corporate forms specifically designed for real-estate ownership or development, agricultural or wine-growing activities and other specialised sectors.

It is also common for foreign companies to operate in France through a branch. When the foreign company is recognised as commercial by French standards and subject to a tax equivalent to corporate tax in its home country, all transactions carried out in France – or relating to French operations – fall within the scope of French corporate taxation.

In such cases, the accounts must be prepared in accordance with French accounting standards before declaring the taxable results of the branch. Any necessary conversion from the foreign accounting framework into French standards can be carried out through a local reconciliation process.

# Taxation

France has a highly structured tax system, aligned with European and international standards, encompassing corporate taxation, indirect taxes, labour-related contributions and various investment-incentive mechanisms. The tax administration is both centralised and digitalised, providing foreign companies with a stable and secure compliance environment.

Employment-related taxation is governed by a key principle: salaries are considered taxable income and are therefore subject to employee income tax. In most cases, this tax is withheld at source by the employer, who is responsible for calculating, deducting and remitting the correct amounts.

Benefits in kind (such as company vehicles, housing or shares) are generally included in the taxable base, with the exception of individuals benefiting from diplomatic status.

Employee remuneration is also subject to mandatory social security contributions, shared between the employer and the employee. These contributions represent a significant cost, the level of which varies depending on national systems.

Certain types of insurance – such as health, retirement or disability coverage – may be legally required depending on the individual's employment and residency status, and the collective agreement governing the particular industry. The employer plays a central role in ensuring compliance. It must correctly calculate, withhold, declare and pay all taxes and contributions on the required schedule (monthly or quarterly). Any delay, omission or error creates direct liability for the employer.

**In an international context, specific rules apply to non-residents and expatriates.** Bilateral tax treaties aim to avoid double taxation, while certain cross-border remuneration elements (including salaries, bonuses or stock-option gains) may be subject to particular withholding tax obligations.

Companies employing French nationals abroad under expatriate status may also be subject to specific rules designed to optimise taxation or ensure strict compliance with both local legislation and French regulations.



# Labour Law

French labour law is structured around a strict hierarchy of norms (**EU law; Labour Code; collective agreements; company agreements; employment contract**), with the principle that the most favourable provision for the employee always applies. This dense and constantly evolving framework governs all employment relationships in France.

Companies must also navigate a highly regulated social environment. The **CSE** (Social and Economic Committee) is for companies with a workforce of at least 11 employees, and its representatives benefit from strong legal protections. Labour inspectors (DREETS) may intervene at any time to verify compliance with labour regulations. Employment-related disputes fall under the jurisdiction of the Labour Court, or in certain cases (such as harassment or theft), the criminal courts.

Hiring requires an **employment contract drafted in French**, incorporating the provisions of the applicable collective agreement for the company's sector. Any substantial modification to the employment contract must be formalised through a signed amendment.

Working time is organised around **the statutory 35-hour working week**, with overtime paid at increased rates, and **a minimum of five weeks of paid leave per year**. A **forfait-jours** (fixed-day working arrangement) is only possible if authorised by the collective agreement.

Net salary is subject to significant contributions: **approximately 21% paid by the employee and around 45% paid by the employer**. In practical terms, for every 100 received by an employee, the total employer and employee contributions amount to about 83. Employers are required to submit monthly declarations of social contributions.

Employers must also ensure **affiliation to all mandatory schemes** (social security, supplementary pension, unemployment insurance), as well as **health insurance**, provident insurance and occupational health services. In addition, companies must prepare several legally required documents, including the **Document Unique d'évaluation** des risques which identifies and assesses all workplace risks.

Termination of an employment contract is strictly regulated and involves formal procedures, notice periods and compensation – often increased by collective agreements. Specific protections apply in cases such as illness, maternity or elected mandates. All **end-of-contract documents** must be provided to the employee on the last working day of their notice period.



# E-business Legal Framework

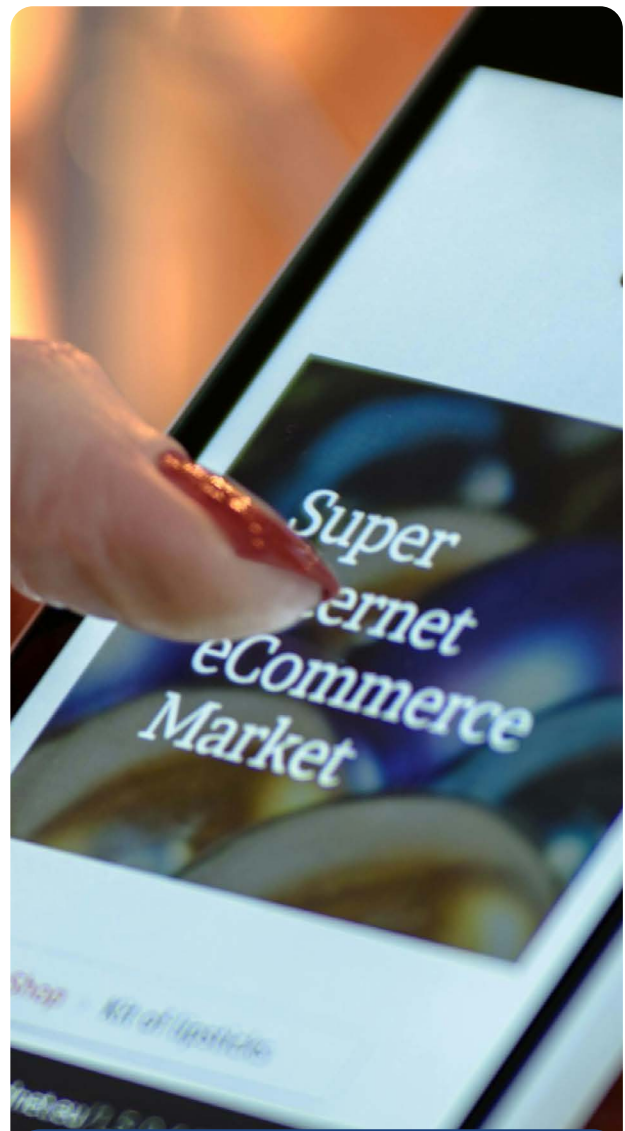
The European Union has established a comprehensive regulatory framework governing the use of personal data by third parties through the **General Data Protection Regulation (GDPR)**, applicable since 25 May 2018. This framework requires organisations to classify data according to sensitivity in order to distinguish between critical, sensitive and non-sensitive information.

In France, the authority responsible for supervising and enforcing data protection rules is the **CNIL** (French Data Protection Authority), which has the power to audit organisations and impose sanctions in the event of non-compliance. Good practices include not only training and raising awareness among all stakeholders, but also integrating appropriate contractual clauses into employment contracts as well as agreements with suppliers, customers and partners.

Within companies, it is recommended to appoint a **data protection officer (DPO)** who may be internal, shared or outsourced and is responsible for identifying and documenting all data-processing activities in a mandatory processing register.

This need for control also extends to the storage and retention of data, favouring sovereign hosting solutions whenever possible to reduce compliance risks.

Although the GDPR is not inherently complex, it requires companies to implement structured governance, clear processes and native safeguards within their information systems in order to ensure continuous compliance and minimise exposure to legal and operational risks.



## Did you know?

Our experts can support your organisation in achieving full compliance with GDPR, helping you document your data-processing activities, identify the appropriate legal basis for each use of personal data and implement the required security measures. We also guide you through all e-business compliance requirements, including transparent online practices, proper cookie and consent management, secure digital transactions and reinforced cybersecurity expectations, which are now closely monitored by authorities.

# AI Legal Framework

The European Union has introduced a dedicated regulatory framework governing the use of artificial intelligence through **Regulation (EU) 2024/1689, adopted on 13 June 2024**. This text, commonly known as the EU AI Act, establishes harmonised rules using a risk-based approach, classifying AI systems into four categories: unacceptable risk, high risk, limited risk and minimal or no risk.

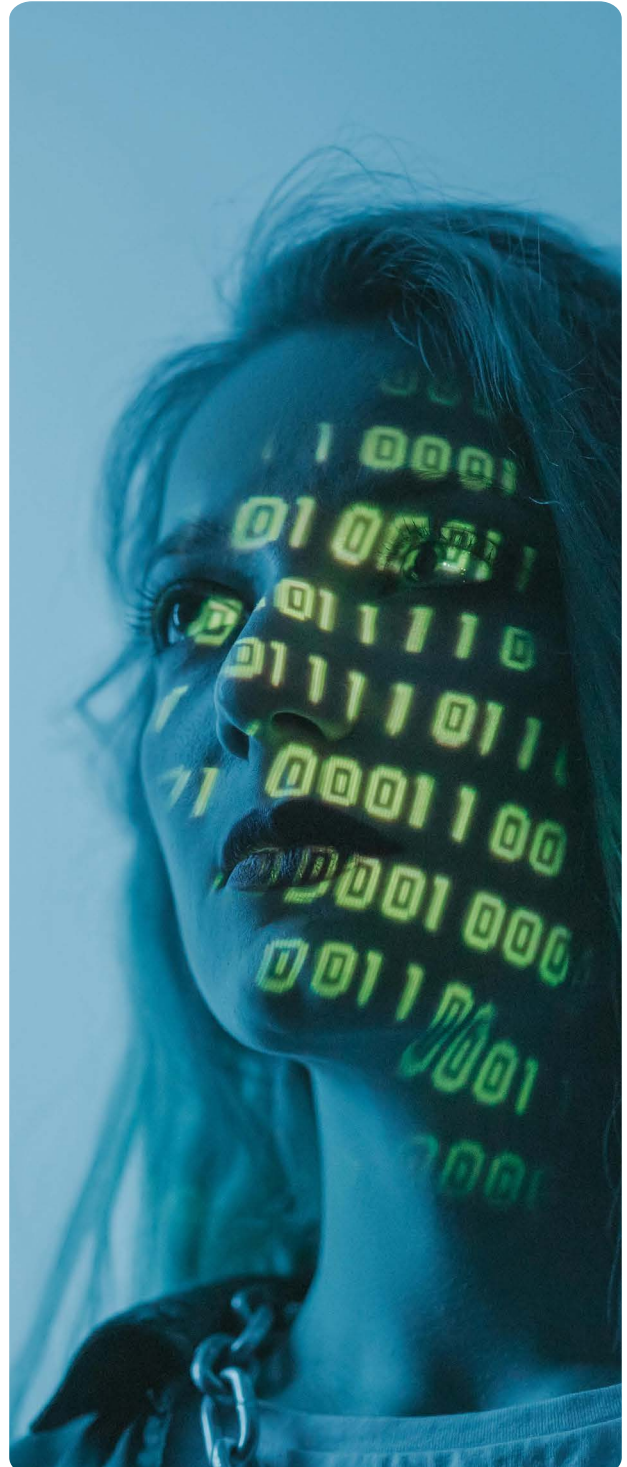
For example, AI systems used for social scoring or discriminatory practices fall under the unacceptable risk category and are strictly prohibited. By contrast, AI systems involving biometric data are considered high risk and are therefore subject to stringent compliance requirements and strict limitations.

The EU AI Act places specific obligations on providers, integrators and distributors of high-risk AI systems. With regard to obligations within France, companies must comply with **transparency and reporting duties** for high-risk applications and ensure adequate user information for limited-risk systems.

A key focus area is the need for organisations to thoroughly understand and supervise how AI is used internally. Implementing AI requires **risk classification, data prioritisation and clear accountability** for each component of the system. Insufficient oversight exposes businesses to sanctions and compliance risks.

AI governance cannot be dissociated from its broader implications, particularly regarding GDPR compliance, intellectual property and security requirements. Moreover, free or publicly accessible AI tools offered by large technology providers may use uploaded data for model training, without sufficient guarantees for confidentiality, making them unsuitable for sensitive or regulated environments.

Sectors such as defence and the French public administration are therefore especially vigilant when selecting AI providers, requiring robust safeguards and strict compliance with EU and national regulations.



# Sustainability Reporting

In France, integrating environmental, social and governance (ESG) criteria strengthens corporate credibility, eases access to financing and talent and creates new growth opportunities. The country benefits from a strong ecosystem supported by ambitious European and national policies, along with practical financial and operational incentives.

## ESG When Investing in France

Companies operating in France must meet increasingly demanding sustainability requirements, including:

- **Carbon footprint disclosure for** companies with more than 500 employees.
- **French tertiary decree:** Mandatory energy performance diagnosis ('DPE') and progressive reduction of energy use in tertiary buildings.
- **Circular economy and supply chain rules:** Waste reduction, packaging management and sustainability criteria for imported raw materials (AGEC Act, PPWR).
- **CSRD (Corporate Sustainability Reporting Directive) and EU Taxonomy:** Enhanced non-financial reporting obligations from 2025 for certain companies.
- **SFDR (Sustainable Finance Disclosure Regulation):** Transparency requirements for financial market participants regarding ESG risks and impacts.

Banks, investors and clients increasingly expect concrete ESG commitments, certifications (such as EcoVadis or B Corp) and transparent ESG data. Integrating ESG from the start has therefore become a key driver of competitiveness and performance. France supports these efforts through various incentives offered by Bpifrance and ADEME, including funding for low-carbon projects, assistance in ESG strategy development, reporting, certifications and programmes aimed at improving working conditions.

## How PKF Arsilon Can Support You

We work with you to place ESG at the core of your strategy and financial performance. Our pragmatic approach supports you at every stage to strengthen ESG maturity and ensure compliance with regulatory requirements, with the goal of delivering economic and financial value. We provide both individual and shared support (by sector or region) to help turn ESG obligations into concrete drivers of performance, attractiveness and sustainable growth:

- Initial assessment to identify applicable regulations, labels and certifications, and to map your ESG risks and impacts.
- Definition and implementation of an ESG roadmap, including the calculation of your carbon footprint.
- Communication and reporting, whether regulatory or voluntary.
- Audit and assurance services, including CSRD, mission-driven company status, VSME (voluntary standard for non-listed SMEs) and extra-financial covenants included in bank financing.
- ESG due diligence to support transactions and strategic decision-making.

# Appendix

## Useful Links and Reference Websites

Apply for a Schengen visa	<a href="https://home-affairs.ec.europa.eu/policies/schengen/visa-policy/applying-schengen-visa_en">https://home-affairs.ec.europa.eu/policies/schengen/visa-policy/applying-schengen-visa_en</a>
ARCEP (Regulatory Authority for Electronic Communications, Postal Affairs and Press Distribution)	<a href="https://en.arcep.fr">https://en.arcep.fr</a>
DGCCRF (Directorate-General for Competition, Consumer Affairs and Fraud Prevention)	<a href="https://www.economie.gouv.fr/dgccrf">https://www.economie.gouv.fr/dgccrf</a>
ANSM (National Agency for Medicines and Health Products Safety)	<a href="https://ansm.sante.fr/qui-sommes-nous/who-are-we/ansm-in-brief">https://ansm.sante.fr/qui-sommes-nous/who-are-we/ansm-in-brief</a>
AMF (Financial Markets Authority)	<a href="https://www.amf-france.org/en">https://www.amf-france.org/en</a>
ACPR (Prudential Supervision and Resolution Authority)	<a href="https://acpr.banque-france.fr/en">https://acpr.banque-france.fr/en</a>
CRE (Energy Regulation Commission)	<a href="https://www.cre.fr/en.html">https://www.cre.fr/en.html</a>
CNIL (Data Protection Authority)	<a href="https://www.cnil.fr/en">https://www.cnil.fr/en</a>
ADEME (Agency for Ecological Transition)	<a href="https://www.ademe.fr/en/frontpage/">https://www.ademe.fr/en/frontpage/</a>
Bpifrance	<a href="https://www.bpifrance.com">https://www.bpifrance.com</a>







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