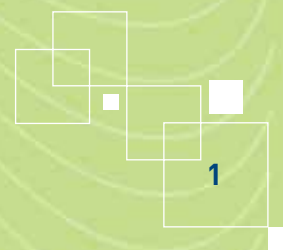


How does France compare?



COMPARISON BETWEEN INCOME TAX RATES IN FRANCE AND THE UNITED KINGDOM



Case study: Income tax to be paid by a single person, a couple with no children, and a couple with two children in the United Kingdom and in France; income is considered as being received by only one person in the couple (which is frequently the case for expatriates).

This comparison exclusively concerns income tax and does not take into account social security charges paid by the employer or the employee. Net annual income is therefore considered as being free of social charges.

As from 2007 France ranks higher than the United Kingdom in terms of income tax burden

■ A far-reaching reform of income tax rates:

Due to the reform of the tax system that applies to income tax to be paid in 2007, France has considerably improved its attractiveness in terms of taxation. The United Kingdom is no longer considered as being more attractive than France in terms of its income tax burden for either lower or higher levels of income. France has reduced the tax rate for the higher band to 40% (compared to the previous rate of 48%) and has simplified the system by reducing the number of tax bands from 7 to 4.

■ A highly favorable system in terms of allowances for family dependents compared to the British system:

Allowances for marital status and family dependents are substantially different in the British and the French systems, which leads to very different tax burdens in the two countries, as shown in the three tables below:

Income tax paid by a single person:

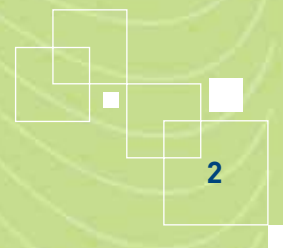
Annual net income	United Kingdom	France
50 000 €	11 047 €*	9 760 €
80 000 €	23 047 €	20 092 €
150 000 €	51 047 €	48 092 €

Income tax paid by a couple:

Annual net income	United Kingdom	France
50 000 €	11 047 €	4 532 €
80 000 €	23 047 €	13 550 €
150 000 €	51 047 €	37 653 €



COMPARISON BETWEEN INCOME TAX RATES IN FRANCE AND THE UNITED KINGDOM



Income tax paid by a couple with two children:

Annual net income	United Kingdom	France
50 000€	11 047 €* crédit d'impôt pour enfant le cas échéant	3 224 €*
80 000€	23 047 € crédit d'impôt pour enfant le cas échéant	9 154 €
150 000€	51 047 € crédit d'impôt pour enfant le cas échéant	33 257 €

The calculation of income tax in the UK is not proportional to the number of family dependents in the household, since working persons are always taxed separately.

With regard to children, the tax payer is only entitled to a tax credit (Child Tax Credit)** which is calculated according to the level of income and various individual circumstances: annual level of social security payments received, age, professional situation, educational expenses, etc. This tax credit does not apply to annual incomes exceeding 86 000 ?.

The Tax Credit is capped at £545 (806 ?) per child or double that amount for the year of the child's birth (£1 090).

It is clear that income tax to be paid in France significantly decreases due to the household coefficient which enables income tax rates to be considerably reduced according to the size of the household.

It appears that the personal tax burden in the UK is less favorable than in France for the single taxpayer, but this is especially evident for taxpayers with dependents, who can end up paying 2 to 3 times less income tax in France, according to their levels of income.

* Income Tax bands in the UK and in France

United Kingdom** - 2005/2006 income		France - 2005/2006 income	
0 - £2,090 (3 075€)	10%	Up to 5 614€	0%
£2,091 - £32,400 (47 682€)	22%	From 5 615 € to 11 198 €	5,5%
Over £32,400 (47 682€)	40%	From 11 199 € to 24 872 €	14%
		From 24 873 € to 66 679 €	30%
		Over 66 679 €	40%

** Source Inland Revenue