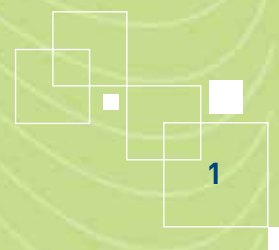




## COMPARISON OF TAXATION FRANCE-UK\*



### ■ Corporate tax :

#### Rate :

France	UK
33,33%	30%

#### Territorial boundaries for corporate tax :

France	UK
Tax is incurred only on profits earned in France	Tax is incurred on a global basis for all resident companies

#### Research Tax Credit :

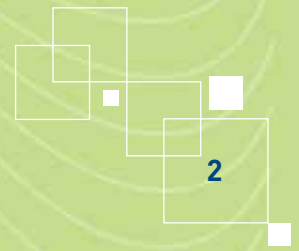
France	UK
<ul style="list-style-type: none"><li>• Companies incurring certain revenue expenditure on qualifying R&amp;D are entitled to constitute a tax credit which is capped at 16 million euros per company and per year.</li><li>• Costs are more important than in UK (see note about research tax credit)</li><li>• Subcontracted are qualified for 100% ; research operations entrusted to public laboratories or universities are taken into account for 200% of their amount</li><li>• Research Tax Credit is a deduction from corporate tax due by the company for the year during which the research cost are incurred. If the credit is higher than the tax or if the company makes a loss, the remainder is imputed on taxes to pay over the next three years and, if necessary, reimbursed in cash at the end of this period.</li></ul> <p>Innovative young companies and new SME owned at least at 50% by individuals and having a new activity can get the immediate reimbursement of the tax credit during the five years following their creation.</p>	<p>Companies incurring certain revenue expenditure on qualifying R&amp;D are entitled to either :</p> <ul style="list-style-type: none"><li>- deduct an amount greater than the actual expenditure, or</li><li>- where a small or medium sized enterprise (SME) has a trading loss, it pay claim a payment from tax authorities.</li></ul> <p>Costs include research staffing, software or consumable items, clinical trial volunteers and subcontract R&amp;D.</p> <p>Subcontracted costs are qualified in the limit of 65%.</p> <ul style="list-style-type: none"><li>- SME's may claim a total deduction for 150% of the qualifying expenditure in computing trading profits</li><li>- Large companies may claim a total deduction for 125%.</li></ul>

#### Partial exemption for dividend distributions :

France	UK
95%	95%



## COMPARISON OF TAXATION FRANCE-UK\*



### Tax losses :

France	UK
Losses can be carried forward indefinitely Losses can be carried back	Losses can be carried forward indefinitely Losses can be carried back

### ■ Local taxes

France	UK
<ul style="list-style-type: none"><li>- Local business tax</li><li>- Property tax</li></ul>	<p>Local taxes paid by companies are based on rates, which are real estate rental values similar to the French system.</p> <p>A common rate is applied to all companies. It is set at 43.7 pence per pound for 2003.</p> <p>The amount due is determined by multiplying the rateable value, which is the net annual rental value of the property, by the rate poundage i.e. the amount of the tax per base poundage.</p>

\*Source Tax FL 2006

The information provided herein is of a general nature, and cannot be used to determine the tax rate for a particular investment.