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English

VAT deductible

Verified 13 novembre 2020 - Legal and Administrative Information Directorate (Prime Minister), Ministry of Finance

The exemption from VAT exempts undertakings from the declaration and payment of VAT on the services or sales they perform. This tax regime applies to all businesses whose turnover in the previous year does not exceed certain thresholds.

Conditions for entitlement to the exemption

Metropole

Trade

To qualify for the VAT-based exemption, the annual turnover excluding taxes must not exceed:

- €85,800calendar year previous
- €94,300 the previous calendar year, when the turnover of the previous year (year n-2) was less than€85,800..

Accommodation

To qualify for the VAT-based exemption, the annual turnover excluding taxes must not exceed:

- €85,800calendar year previous
- €94,300 the previous calendar year, when the turnover of the previous year (year n-2) was less than€85,800..

Service Delivery

To qualify for the VAT-based exemption, the annual turnover excluding taxes must not exceed

- €34,400calendar year previous
- €36,500 the previous calendar year, when the turnover of the previous year (year n-2) was less than€34,400..

Liberal profession

Lawyer

To qualify for the VAT-based exemption, lawyers must have an annual turnover not exceeding€44,500 the previous year.

They also benefit from the exemption based on VAT when their turnovercalendar year previous is less than €18,300..

Other liberal profession

To qualify for the VAT-based exemption, the annual turnover excluding taxes must not exceed:

- €34,400calendar year previous
- €36,500 the previous calendar year, when the turnover of the previous year (year n-2) was less than€34,400

Authors and performers

To qualify for the VAT-based exemption, the annual turnover excluding taxes must not exceed€44,500 in the following situations:

- Income of performers
- Income of artists who renounce withholding tax
- Other income other than rights paid by publishers (e.g. ancillary revenue)

Authors and performers also benefit from the VAT-based deductible when their turnover ofcalendar year previous is less than €18,300..

Guadeloupe, Martinique, Reunion

Trade

On an experimental basis, companies established in Guadeloupe, Martinique and La Réunion benefit from a VAT-based exemption which exempts them from the payment of VAT.

Their turnover shall not exceed:

- €100,000calendar year previous

- €110,000 the previous calendar year, when the turnover of the penultimate year (year n-2) did not exceed €100,000..

Service Delivery

On an experimental basis, companies established in Guadeloupe, Martinique and La Réunion benefit from a VAT-based exemption which exempts them from the payment of VAT.

Their turnover shall not exceed:

- €50,000 calendar year previous
- €60,000 the preceding calendar year, where the €50,000 the penultimate year (year n-2).

Billing

The professional who is covered by the basic deductible must charge his services or his sales tax-free.

The « *VAT not applicable - Article 293b of CGI ()* » must appear on each invoice.

VAT cannot therefore be deducted or recovered from purchases of goods and services made for the activity.

The trader may renounce the basic exemption by opting for the payment of VAT.

➡ **FYI** : the payment of VAT-free purchases delivered outside the EU is **90 days** at the latest. This period must be specified in the sales contract.

Exiting the regime

Trade

In the event of the thresholds for exemption from VAT being exceeded, the exemption shall be maintained in the year of the excess if the turnover does not exceed €94,300..

This is the case for deliveries of goods, sales to be consumed on the spot.

Accommodation

In the event of the thresholds for exemption from VAT being exceeded, the exemption shall be maintained in the year of the excess if the turnover does not exceed €94,300..

Service provision

In the event of the thresholds for exemption from VAT being exceeded, the exemption shall be maintained in the year of the excess if the turnover does not exceed €36,500..

VAT is then due from 1st day of the month in which the threshold is exceeded.

Lawyers

The duty-free regime shall cease to apply where the turnover of the regulated activities in the current year exceeds €54,700..

Exceeding the turnover threshold of €22,100 for the unregulated activities of lawyers does not affect the franchise of their regulated activities.

Authors and performers

The duty-free regime shall cease to apply where the turnover in the current year exceeds €54,700 for the activities of delivery of their works (authors) and transfer of their rights (performers).

Exceeding the €22,100 for their other activities does not affect the franchise they enjoy for the delivery of their works and the assignment of their rights.

Exiting the VAT-based exemption system will have the following effects:

- Submitting transactions from 1 to VATth day of month of overrun
- Transactions carried out from the month of overrun and which were not subject to VAT must be the subject of corrective invoices
- The right to deduct VAT may be exercised on expenditure incurred as soon as the trader becomes liable for VAT

The trader must obtain the **VAT number** (<https://www.service-public.fr/professionnels-entreprises/vosdroits/F23570?lang=en>) on his invoices to apply VAT to his invoices.

Receipts of services performed before 1st day of the month in which the taxable person becomes liable for VAT do not have to be subject to VAT. This is the case even if they are carried out after the modification of the scheme.

- **General Tax Code: Articles 293 B to 293 G** [↗](http://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006162567&cidTexte=LEGITEXT000006069577) (<http://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006162567&cidTexte=LEGITEXT000006069577>)
- **General Tax Code: Articles 275 to 277A** [↗](https://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006179653&cidTexte=LEGITEXT000006069577) (<https://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006179653&cidTexte=LEGITEXT000006069577>)
- **Bofip-Taxes n°BOI-BAREME-000036-20200129 on the turnover thresholds of the franchise on a VAT basis** [↗](https://bofip.impots.gouv.fr/bofip/9368-PGP.html) (<https://bofip.impots.gouv.fr/bofip/9368-PGP.html>)

Online services and forms

- **Price calculator excluding tax (excluding tax) or all taxes included (including tax)** (<https://www.service-public.fr/professionnels-entreprises/vosdroits/R51150?lang=en>)
Simulator

For more information, please contact

- **Bofip-Taxes n°BOI-TVA-DECLA-40 on VAT-free schemes** [↗](https://bofip.impots.gouv.fr/bofip/218-PGP.html) (<https://bofip.impots.gouv.fr/bofip/218-PGP.html>)
Ministry of Finance
- **Three-year update of the VAT-based exemption thresholds** [↗](https://www.impots.gouv.fr/portail/actualite/actualisation-triennale-des-seuils-de-la-franchise-en-base-de-tva-du-regime-simplifie) (<https://www.impots.gouv.fr/portail/actualite/actualisation-triennale-des-seuils-de-la-franchise-en-base-de-tva-du-regime-simplifie>)
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