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English

Taxation of the micro-entrepreneur (micro-tax and social system)

Verified 19 août 2020 - Legal and Administrative Information Directorate (Prime Minister), Ministry of Finance

The micro-entrepreneur benefits from a simplified tax and social system. The scheme provides for a simplified method of calculating and paying social security contributions and income tax. In terms of taxation, the micro-entrepreneur pays his tax on a flat rate basis and not on a real basis. In addition, it is also subject to the simplified micro-social scheme for social contributions and contributions.

Micro-tax scheme

In terms of taxation, the micro-entrepreneur has a choice between the *classic* and the optional discharge scheme. The objective of this scheme is to enable the company to reduce its tax returns and the accounting of its activities.

General case

It is the traditional plan that applies automatically, unless the micro-entrepreneur chooses the option of the release.

The general arrangements for the taxation of micro-enterprises shall apply to microentrepreneur that is taxed on income tax in the class of

- industrial and commercial benefits (micro-BIC) for a commercial or craft activity
- or non-commercial benefits (micro-BNC) for a liberal activity.

The micro-entrepreneur is exempt from filing a professional statement of profits under the NLC or BIC.

All he has to do is carry in the supplementary income tax return (n°2042-C Pro) (<https://www.service-public.fr/professionnels-entreprises/vosdroits/R36751?lang=en>) the annual amount of gross turnover (GDP) or revenue (NCB).

It must also indicate any gains or losses realized or incurred during the year concerned.

He must indicate the following on his income tax return, to the party *General information* ::

- Primary establishment SIRET number
- Nature of realized income (BIC or BNC)
- Taxation scheme.

Taxable profit is determined by the tax authority which applies to the reported turnover alump sum reduction from:

- 71% from AC () for the purchase-resale or supply of accommodation (excluding furnished rentals other than tourism and bed and breakfast),
- 50% from AC () for other BIC activities,
- 34% from AC () for NBCs,

with a minimum reduction of €305..

In the case of mixed activities, the reductions shall be calculated separately for each fraction of the turnover corresponding to the activities carried out. In this case, the minimum deduction is €610..

Example :

A taxpayer who carries on a sales activity carries on a€155,000 in 2019 and €185,000 by 2020.

Turnover in 2019 does not exceed the€176,200, so the micro-BIC scheme applies automatically in 2020, even if the turnover in 2020 exceeds the threshold.

Therefore, calculation of the abatement: €185,000 x 71% = €131,350..

The taxable net profit is therefore: €185,000 - €131,350 = €53,650..

Once calculated, the taxable profit is subject to income tax along with the other income of the tax household.



FYI : where the micro-tax system is applicable, lump-sum rebates for costs shall be applied to the total turnover.

Conditions for applying the micro-tax system

The micro-tax system shall apply where the annual turnover of the micro-entrepreneur does not exceed certain thresholds.

Répondez aux questions successives et les réponses s'afficheront automatiquement

2020 Income Tax Return for 2019

Revenue received during the calendar year (CAHT ()) must match the following thresholds:

- €170,000 for business and housing supply activities (hotels, bed and breakfast, rural cottages classified as furnished tourism, furnished tourism).
- €70,000 services and the liberal professions covered by BNC () or BIC ().. The threshold is raised to €176,200 for the taxation of 2020 income

If the activity is created during the year, the thresholds must be adjusted to prorata temporis of operation, except in the case of seasonal undertakings.

In case of mixed activity (sale and provision of services), the CAHT () global must not exceed €170,200.. Within this ceiling, the HTA relating to the provision of services must not exceed €70,000..

If the turnover exceeds these thresholds, it is not possible to benefit from the self-employment scheme.

2021 Income Tax Return for 2020

2021 Income Tax Return for 2020

The micro-enterprise scheme shall apply as long as the CAHT () annual (actual revenue received during the calendar year) does not exceed the following thresholds:

- €176,200 for business and housing supply activities (hotels, bed and breakfast, rural cottages classified as tourist furnished, tourist furnished)
- €72,600 services and the liberal professions covered by BNC () or BIC ()..

If the activity is created during the year, the thresholds must be adjusted to prorata temporis of operation, except in the case of seasonal undertakings.

In case of mixed activity (sale and provision of services), the CAHT () global must not exceed €176,200.. Within this ceiling, the HTA relating to the provision of services must not exceed €72,600..

If the turnover exceeds these thresholds, it is not possible to benefit from the self-employment scheme.

Option for release

If the micro-entrepreneur complies with the annual turnover thresholds, he can choose a tax-free levy.

Single Payment

This option allows the micro-entrepreneur to opt for a tax-free payment. It allows them to pay in a single social and tax payment, both income tax and compulsory social contributions.

Payment shall be made in a single direct debit from the turnover.


This option pays a percentage of the turnover corresponding to the amount of income tax. This amount must be paid with the same social security contribution return. All you have to do is apply an extra percentage to the revenue.

This percentage is:

- 1% for undertakings engaged in the sale of goods, articles, supplies and foodstuffs for takeaway or consumption,
- 1.7% for undertakings providing services,
- 2.2% for taxpayers holding NBCs.

The effective rate of the lump-sum payment applicable in 2020 is therefore:

- 12,8 % for the purchase/resale of goods, sale of goods for consumption on the spot and accommodation services (BIC) +1%= 13,80%
- 22% for artisanal and commercial services (BIC/BNC) +1.7% income tax = 23,70%
- 22% for liberal activities (NLC) + 2.2%= 24,2 %..

 **Please note** : in the absence of turnover, no payment is to be made. However, you are required to report your income, and to register *nil* instead of your turnover.

This option is available only to a micro-entrepreneur whose N-2 reference tax income is less than or equal to a threshold calculated based on the family quotient.

Above the threshold, the option for release is not possible.

The calculation of income tax shall be made at the effective rate.

N-2 reference tax income for the option to release

| | 2016 benchmark tax revenue for application to 1 st January 2018 | 2017 benchmark tax revenue for application to 1 st January 2019 | 2018 benchmark tax revenue for application to 1 st January 2020 |
|---|--|--|--|
| Single person (1 share of family quotient) | €26,818 | €27,086 | €27,519 |
| Couple (2 shares of family quotient) | €53,636 | €54,172 | €55,038 |
| Couple with 1 child (2 parts + 1 half part) | €67,045 | €67,715 | €68,797.5 |
| Couple with 2 children (2 parts + 2 half parts) | €80,454 | €81,258 | €82,557 |

To opt for this payment, you must contact the Urssaf () ::

- When reporting activity (or within 3 months) with immediate application
- In operation, no later than 30 September for application the following year.

In case of an option for the discharge, you must cover the [supplementary income tax return \(n°2042-C Pro\) \(https://www.service-public.fr/professionnels-entreprises/vosdroits/R36751?lang=en\)](https://www.service-public.fr/professionnels-entreprises/vosdroits/R36751?lang=en) the turnover of your micro-enterprise. You must enter the turnover in the "micro-entrepreneurs who have opted for the tax-free deduction" framework.

The amount of turnover or income is included in the taxable income of the household and will be used to determine the tax bracket of the tax household.

Source levy

In the absence of an option for release, the [source sampling \(PAS\) \(https://www.service-public.fr/particuliers/vosdroits/F34009?lang=en\)](https://www.service-public.fr/particuliers/vosdroits/F34009?lang=en) dialog box. The income from the activity of micro-entrepreneur gives rise to payment of a contemporary deposit taken directly from the bank account every month or every quarter.

The option can be terminated under the following conditions:

- Denouncing the option. The denunciation shall be made in the same manner as the request for an option, i.e. by contacting the Urssaf or the social security fund of the independent schemes.
- In the case of exit from the micro-enterprise regime. That is to say by exceeding the turnover thresholds provided for by the micro-tax system
- In the event of the thresholds for release being exceeded.

▲ Warning : For 2020 income tax, if you exceed the turnover threshold for the first time in a N-year period, the micro-enterprise regime continues to apply for the next N+1 year.

But if you exceed the thresholds over two successive years (N and N+1), the micro-enterprise regime no longer applies to your situation. Therefore, the declaration of your activity will have to be made on the basis of the actual tax regime.

Value Added Contribution (VAC)

The [CVAE \(https://www.service-public.fr/professionnels-entreprises/vosdroits/F23546?lang=en\)](https://www.service-public.fr/professionnels-entreprises/vosdroits/F23546?lang=en) is due by companies that realize more than €500,000 turnover excluding tax. Therefore the micro-entrepreneur is automatically exempted from the payment of the CVAE..

However, if the micro-entrepreneur has a turnover greater than €152,500, it must make a value added declaration.

Example :

Where the main activity of the micro-entrepreneur is the sale of goods and his turnover is between €152,500 and €170,000, he must make his declaration CVAE..

Business Property Assessment (CFE)

New micro-entrepreneurs are taxed at [business property tax \(CFE\) \(https://www.service-public.fr/professionnels-entreprises/vosdroits/F23999?lang=en\)](https://www.service-public.fr/professionnels-entreprises/vosdroits/F23999?lang=en) under the same conditions as any business creator and no longer benefit from specific exemptions. **The CFE is not due in respect of the year of commencement of activity.**

Change in tax regime: normal real taxation regime

The micro-entrepreneur subject to the micro-BIC scheme has the possibility to change the tax regime and opt for **anormal real taxation regime**.

The change in the tax system does not prevent the micro-entrepreneur from continuing to benefit from the micro-tax VAT system.

Therefore, even if the micro-entrepreneur opts for the real tax system, he can continue to benefit from the **VAT deductible** (<https://www.service-public.fr/professionnels-entreprises/vosdroits/F21746?lang=en>).

This option is taken for a period of one year and tacitly renewed for a new year as long as the micro-entrepreneur remains within the scope of the micro-enterprise tax system.

Microsocial system

The simplified micro-social scheme allows the micro-entrepreneur to pay his contributions according to his turnover. This means applying a contribution rate to monthly or quarterly turnover that varies according to the activity carried out.

Conditions for applying the micro-social regime

Répondez aux questions successives et les réponses s'afficheront automatiquement

2020 Income Tax Return for 2019

The micro-social regime shall apply as long as the CAHT () annual (actual revenue received during the calendar year) does not exceed the following thresholds:

- €170,000 for business and housing supply activities (hotels, bed and breakfast, rural cottages classified as tourist furnished, tourist furnished)
- €70,000 services and the liberal professions covered by BNC () or BIC ()..

If the activity is created during the year, the thresholds must be adjusted in proportion to the exploitation, except in the case of seasonal undertakings.

In case of mixed activity (sale and provision of services), the CAHT () global must not exceed €170,000.. Within this ceiling, the HTA relating to the provision of services must not exceed €70,000..

If the turnover exceeds these thresholds, it is not possible to benefit from the micro-social scheme.

2021 Income Tax Return for 2020

The micro-enterprise scheme shall apply as long as the CAHT () annual (actual revenue received during the calendar year) does not exceed the following thresholds:

- €176,200 for business and housing supply activities (hotels, bed and breakfast, rural cottages classified as tourist furnished, tourist furnished)
- €72,600 services and the liberal professions covered by BNC () or BIC ()..

If the activity is created during the year, the thresholds must be adjusted in proportion to the exploitation, except in the case of seasonal undertakings.

In case of mixed activity (sale and provision of services), the CAHT () global must not exceed €176,200.. Within this ceiling, the HTA relating to the provision of services must not exceed €72,600..

If the turnover exceeds these thresholds, it is not possible to benefit from the micro-social scheme.

Simplified micro-social regime

Self-employed persons placed under the micro-enterprise tax system (micro-BIC or micro-BNC) are subject to the general system, as are employees.

Social contributions and contributions are paid on the basis of turnover or insured income.


The entrepreneur must report his turnover monthly or quarterly (depending on his choice) to allow the calculation of social contributions.

The declaration of the turnover and the payment of the social contributions must be made near the Urssaf.

Entrepreneurs under the micro-enterprise tax system do not have to submit the self-employed person's social return (ISD) annually.

Micro-entrepreneur: online turnover reporting (simplified micro-social regime)

Urssaf

Go to
online service 
(<https://www.autoentrepreneur.urssaf.fr/portail/accueil.html>)

The micro-entrepreneur pays social contributions as he makes a turnover. But if his turnover is zero, he is not obliged to pay social contributions unless he chooses the option for minimum contributions. These are the contributions that micro-entrepreneurs make to qualify for certain guarantees. For example, daily allowances.

Fixed social contributions from the micro-entrepreneur

The amount shall be calculated by applying a flat rate to the turnover (or revenue) actually received: if it is zero, there is no levy.

The social security contributions of micro-enterprises are as follows:

- Health and maternity insurance contribution
- Contribution of family allowances
- CSG/CRDS (generalized social contribution/contribution to social debt repayment)
- Death disability contribution
- Basic and supplementary pension contributions.

The micro-entrepreneur must declare for each period the amount of the revenue actually **cash**ed, not billed.

Fixed social payment of the micro-social scheme

| Activities | Social contributions in 2018 | Social contributions in 2019 | Social contributions in 2020 |
|---|------------------------------|------------------------------|------------------------------|
| Sale of goods and provision of accommodation (except furnished apartment and furnished accommodation) | 12,8 % | 12,8 % | 12,8 % |
| Furnished apartment rental | 22% | 22% | 22% |
| Rental of furnished tourist accommodation | 6% | 6% | 6% |
| Provision of services (including rental of furnished accommodation) | 22% | 22% | 22% |
| ISS professions | 22% | 22% | 22% |
| CIPAV professions | 22% | 22% | 22% |

For example, a monthly turnover of €3,500 realized in 2020 when selling goods gives rise to a payment of €448 social contributions and contributions under the simplified micro-social scheme.

Calculation: €3,500 x 12,8 % = €448..

If the micro-entrepreneur carries out several activities falling into different categories, his own contribution rate shall be applied to each activity. The statement shall specify the breakdown of turnover by separate activity.

At the beginning of the activity, a micro-entrepreneur can accumulate his status with the business start-up or take-over aid (Acre) (<https://www.service-public.fr/professionnels-entreprises/vosdroits/F11677?lang=en>) in order to benefit from reduced social security contributions.

The micro-social scheme allows the micro-entrepreneur to benefit from:

- allowances in the event of sickness or maternity,
- access to vocational training (however, in order to benefit from it, he must pay a contribution),
- pension entitlements, depending on the amount of contributions paid.

The micro-social scheme does not allow the micro-entrepreneur to receive benefits paid by pole employment for unemployment.

➡ **FYI** : the lump sum payment does not include contribution to vocational training (<https://www.service-public.fr/professionnels-entreprises/vosdroits/F23459?lang=en>) in addition to the social security contributions paid under the micro-social scheme.

- **General Tax Code: article 50-0** [↗](http://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006199553&cidTexte=LEGITEXT000006069577) (<http://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006199553&cidTexte=LEGITEXT000006069577>)
Micro-enterprise tax system
- **Social Security Code: Articles L613-7 to L613-10** [↗](http://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA0000037051840&cidTexte=LEGITEXT000006073189) (<http://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA0000037051840&cidTexte=LEGITEXT000006073189>)
Microsocial system
- **General Tax Code: rule 151-0** [↗](http://www.legifrance.gouv.fr/affichCode.do?idArticle=LEGIARTI000030157199&idSectionTA=LEGISCTA000022850373&cidTexte=LEGITEXT000006069577) (<http://www.legifrance.gouv.fr/affichCode.do?idArticle=LEGIARTI000030157199&idSectionTA=LEGISCTA000022850373&cidTexte=LEGITEXT000006069577>)
Release of individual operators
- **Social Security Code: Article D613-5** [↗](https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000041918205) (https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000041918205)
- **Decree No. 2017-1894 of 30 December 2017 on the calculation and exemptions of social security contributions of self-employed workers** [↗](https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000036342439) (<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000036342439>)
- **Circular No. 2013-009 of February 19, 2013 on penalties for non-reporting of turnover of self-contractors (PDF - 100.8 KB)** [↗](http://www.rsi.fr/uploads/tx_rsirss/C2013-009.pdf) (http://www.rsi.fr/uploads/tx_rsirss/C2013-009.pdf)
- **General Tax Code: Articles 302f A a to 302f A b** [↗](https://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006163064&cidTexte=LEGITEXT000006069577) (<https://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006163064&cidTexte=LEGITEXT000006069577>)
- **General Tax Code: Articles 1586b to 1586h** [↗](http://legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA0000021641669&cidTexte=LEGITEXT000006069577) (<http://legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA0000021641669&cidTexte=LEGITEXT000006069577>)
CVAE turnover

Online services and forms

- **Micro-entrepreneur: online turnover reporting (simplified micro-social regime)** (<https://www.service-public.fr/professionnels-entreprises/vosdroits/R19133?lang=en>)
Online service
- **Calculation of social security contributions of micro-entrepreneurs** (<https://www.service-public.fr/professionnels-entreprises/vosdroits/R21853?lang=en>)
Simulator
- **2020 income supplement 2019 self-employed** (<https://www.service-public.fr/professionnels-entreprises/vosdroits/R36751?lang=en>)
Form

For more information, please contact

- **Micro-enterprise FAQ** [↗](https://www.economie.gouv.fr/entreprises/devenir-micro-entrepreneur-auto-entrepreneur#quimicroentrepreneur) (<https://www.economie.gouv.fr/entreprises/devenir-micro-entrepreneur-auto-entrepreneur#quimicroentrepreneur>)
Ministry of Economy
- **2020 Micro-Entrepreneur Guide** [↗](https://www.autoentrepreneur.urssaf.fr/portail/accueil/sinformer-sur-le-statut/guide-officiel.html) (<https://www.autoentrepreneur.urssaf.fr/portail/accueil/sinformer-sur-le-statut/guide-officiel.html>)
Urssaf
- **The social regime of the micro-entrepreneur (self-entrepreneur)** [↗](https://www.afecreation.fr/pid10376/votre-regime-social.html) (<https://www.afecreation.fr/pid10376/votre-regime-social.html>)
Opifrance Création (ex-AFE)
- **Source levy: how does this work for independents?** [↗](https://www.economie.gouv.fr/entreprises/prelevement-source-independants-micro-entrepreneurs-auto-entrepreneur) (<https://www.economie.gouv.fr/entreprises/prelevement-source-independants-micro-entrepreneurs-auto-entrepreneur>)
Ministry of Economy