



# ITD Global Conference on Taxation of Small and Medium Enterprises

*Buenos Aires, October 2007*

## Session I A

### *Special regimes and thresholds for Small and Medium Enterprises*



**Vincent MAZURIC**

Direction Générale des Impôts

## *Why make special tax regimes for SMEs ?*

- Public policies in favour of the creation of enterprises
- Reduction of administrative burdens, especially for small businesses
- Keep a balance between the size of the enterprise and the amount of obligations. Avoid encouraging informal economy
- Creating best circumstances for employment and investment growth

## *Selecting relevant and consistent criteria for special tax regimes*

Turnover : a logical criteria

- Reflects size and is consistent with the enterprise's ability to handle administrative matters
- Known quickly and directly
- Creates homogeneous categories and does not harm competition

## *Selecting relevant and consistent criteria for special tax regimes*

When should turnover be measured ?

- What happens when the business is created ?
- Reference to the previous year
- Special case of agriculture

# *Selecting relevant and consistent criteria for special tax regimes*

Components of special tax regimes :

- Accounting requirements
- Tax obligations
- Frequency

Identical features for VAT and income

## *Selecting relevant and consistent criteria for special tax regimes*

French example : ***Micro entreprise***

Under 76 300 € annual turnover (trade) or 27 000 € (services) :

- VAT exemption
- Presumptive income amounts to sales minus :
  - 71% (trade)
  - 50% (commercial services)
  - 34% (non commercial services)

Accounting limited to a simple registry ; no business tax return

## *Selecting relevant and consistent criteria for special tax regimes*

French example : ***Simplified regime***

Up to 763 000 € annual turnover (trade) or 230 000 € (services) :

- simplified accounting
- simplified business tax return
- VAT per quarterly installments and one return a year

## *Limiting the drawbacks of special tax regimes for SMEs*

Vs the threshold effect :

- Keeping exemption threshold low
- Leave more space for the regime which is thought preferable and update threshold
- Leave entrepreneurs an option for upper regime

## *Limiting the drawbacks of special tax regimes for SMEs*

Avoid treatment distortions caused by legal framework :

- Individual vs corporate business
- Special regimes open to all forms
- Aim at same tax treatment

# *Other means to help SMEs in their tax life ; examples from the French experience*



Since 2001,  
**the Tax Leaflet**  
*(Livret fiscal du créateur d'entreprise)*

Since the 1970's,  
**Licensed Tax Partners**  
*(Centres de gestion agréés)*

**E-filing**



# ITD Global Conference on Taxation of Small and Medium Enterprises

*Buenos Aires, October 2007*

## Session I A

### *Special regimes and thresholds for Small and Medium Enterprises*



**Vincent MAZAURIC**  
Direction Générale des Impôts