

**IMPACT OF THE EXISTENCE OF A TAX INFORMATION EXCHANGE AGREEMENT ON  
THE APPLICATION OF FRENCH TAX MECHANISMS**

As Jersey will henceforth be a territory which has signed an administrative assistance agreement with France to fight tax fraud and evasion, the following **anti-abuse mechanisms** provided for by French tax law will no longer apply once the information exchange agreement is actually implemented by Jersey:

- subject to compliance with certain reporting obligations (information on the entity's owners and assets), the 3% tax will apply neither to entities with legal personality owning directly or indirectly one or more buildings in France or owning real property rights to such assets, provided that their registered office is in Jersey, nor to entities without legal personality owning directly or indirectly one or more buildings in France or owning real property rights to such assets, provided that they have been created under the laws of Jersey;
- the same goes for the provisions in the second paragraph of Article 123bis(3), of the French General Tax Code, which impose special rules (minimum fixed income) for calculating the taxable income of natural persons who own units or shares in entities located in a territory which has not signed an administrative assistance agreement with France.

Moreover, the following **favourable mechanisms** might become applicable: the exemption from tax on the income paid by venture capital companies to, first, legal persons whose place of effective management is in Jersey (Article 119bis(2)), and, secondly, natural persons whose tax residence is located in Jersey (Article 163 quinquies C, section II).

**In addition**, individuals resident in Jersey having British nationality, including those who are considered Channel Islanders or Manxmen under Article 6 of the 3<sup>rd</sup> Protocol to the Act of Accession of the United Kingdom to the European Communities of 1972, will be treated as individuals resident in Jersey having French nationality for the purposes of paragraph 2 of Article 164C of the French General Tax Code which imposes an income tax on non-residents owning immovable property in France.