Transfer Pricing under French Tax Law

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Abstract

The development in rulings on transfer pricing has been regarded as a major evolution occurring in the field of international tax law for the last 20 years. Indeed, along with the trend that multinational corporations play more and more important roles in contemporary economy, the impact resulting from transfer-pricing transactions which seek most efficient tax deployments among various jurisdictions has gone beyond a taxation issue to be an issue of the economic systems. Being aware of such issue, the Taiwanese government promulgated in 2004 "Regulations Governing Assessment of Enterprise Income Tax on Transfer Pricing," which introduced various taxation assessment methods to tackle problems arising from the global tax deployment implemented by multinational companies, and thus such regulations raise attention among legal practitioners. The taxation regulations on transfer pricing in France were initiated in the 1970s which, after more than 30 years, have evolved to be one of the strictest schemes on tackling multinational corporations' abuse of tax planning. We may learn from French taxation schemes and experience that taxation regulations on transfer pricing involve not only a new fiscal investigation methodology but also, to some extent, a fundamental change in tax laws. Therefore, pillared by the tax law practice in France as well as the Conseil d'État's precedents, this article introduces present transfer pricing related legal schemes and practices in France. The author hopes such presentation will not only provide an example of taxation schemes as a comparison to the scheme adopted in Taiwan, but also lay the foundation for further comparative legal study of French tax law.

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Keywords: tax law, international tax law, French tax law, transfer pricing, tax haven, non-arm's length transfer, taxzation assessment, freedom of enterprise