

## TAX ALERT

### ➤ Reinforcement of transfer pricing rules

The French Finance Bill for 2024 provides for strengthening of transfer pricing controls through various adjustments:

- It lowers the threshold for triggering the obligation to keep at the disposal of the French tax authorities a transfer pricing documentation (master file and local file) from EUR 400 million of annual sales or gross assets appearing on the balance sheet to EUR 150 million for fiscal years open from January 1<sup>st</sup>, 2024;
- The minimum amount of the fine for failure to submit such documentation is raised from EUR 10,000 to EUR 50,000 for the offenses committed from January 1<sup>st</sup>, 2024;
- A presumption of indirect profit transfer is introduced when the French tax authorities find a difference between the transfer price determined using the method actually followed by the company and the profit that would have been achieved if the method described in the documentation had been followed. These new provisions make this documentation enforceable against the legal entity that drew it up presuming the existence of a transfer of profits abroad in case of difference between the declared profit and the amount it would have reached if the rules provided for in the documentation had been respected. This is a rebuttable presumption;
- For fiscal years starting on or after January 1<sup>st</sup>, 2024, the French tax authorities will be able to adjust the sale price of intangible assets difficult-to-value on the basis of income realized after the fiscal year in which the transaction took place. Furthermore, the transfer of difficult-to-value intangibles is subject to an extended statute of limitations, which runs until the end of the sixth year following the year during which taxation is due (instead of three years).



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