

## SUMMARY TABLE

## FRANCE

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**INTERNATIONAL STOCK PLANS:  
THE PRACTITIONER'S GUIDE TO EXPORTING EMPLOYEE EQUITY**

**FRANCE SUMMARY TABLE**

[updated for January 2008]

*Editor's Note: Text highlighted with **BOLD FACE** indicates features that qualify for special tax relief or that present other plan-design opportunities.*

<b>EXCHANGE CONTROL</b>	No restrictions. Reporting requirements apply.
<b>SECURITIES LAWS</b>	France has implemented the EU Prospectus Directive, which includes exceptions for offers that are addressed to fewer than 100 persons or where the shares have a consideration of less than € 2.5 million (calculated over a 12-month period), if certain other conditions are met.
<b>LABOR LAWS</b>	Employees deprived of the rights to stock-based benefits by virtue of a termination that is not based on "real and serious" motives are entitled to claim compensation.  Consultation with the workers council is required prior to implementation of certain stock-based benefits, such as where a majority of the employees will be covered by the plan.
<b>SOCIAL SECURITY TAXES</b>	Salary income is subject to social security contributions of approximately 40% to 50% by the employer and 23% by the employee. Various other social taxes, social levies, and special taxes may apply. <b>Qualifying plans are in many cases exempt from social security taxes.</b>  Restricted Stock may be subject to social security contribution at the date of grant.
<b>PAYROLL DEDUCTIONS</b>	Deductions from an employee's salary are not permitted, except in narrowly defined situations.
<b>PRIVACY LAWS</b>	The French Data Protection Law, enacted in 1978, requires that any data collection must be implemented in such a way as to ensure specified fundamental guarantees.
<b>ELECTRONIC SIGNATURE</b>	Under French law, an electronic signature consists of a reliable process of identification that safeguards its link with the instrument to which it relates. The electronic signature is presumed or deemed reliable when various conditions are satisfied. In practice, it is advisable to use one of the technologies that has been approved by the French authorities.

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<b>TAXATION OF EMPLOYEE</b>	<p><i>Nonqualified stock options:</i> No tax on grant. Spread is taxable as salary upon exercise or vesting, depending on the factual circumstances. Capital gains rates apply on resale.</p> <p><i>Qualified stock options:</i> <b>No tax on grant or exercise if discount does not exceed 5%. Discount and spread are taxable at various preferential rates upon resale of the shares if various holding-period requirements are met. Capital gains rates apply on resale.</b> Under the Social Security Financing Act adopted in 2007, a new 10% tax must be borne by the employer.</p> <p><i>Restricted stock:</i> For <i>nonqualifying stock grants</i>, the value of the stock at the vesting date is treated as salary income. <b>Preferential rates apply to qualifying free stock grants that meet specified conditions</b>, subject to the new 10% tax mentioned above.</p> <p><i>Restricted stock units:</i> Same as Restricted Stock.</p> <p><i>Bonus stock:</i> Taxable as salary income when the stock is available to the employee.</p> <p><i>Performance stock:</i> Same as Restricted Stock.</p> <p><i>Stock purchase plans:</i> Any discount is taxable upon receipt. <b>Establishment of a Business Savings Plan permits employer contributions and accumulation of income to be tax-free.</b></p> <p><i>Retirement savings plans:</i> <b>Several types of tax-favored vehicles are available, including Business Savings Plans, profit-sharing plans, and optional profit-sharing plans.</b></p>
<b>TAX WITHHOLDING</b>	<p>There is no tax withholding mechanism for salary income as such, but sums considered <i>salary income</i> face automatic withholding of the employee's portion of social security contributions and the social taxes associated with salary income.</p>
<b>STAMP DUTIES AND OTHER FACTORS</b>	<p>Generally no transfer tax upon an employee's purchase of Parent Stock.</p> <p>Stock option discounts may not exceed 20% under French company law.</p> <p>Observers foresee that case law will evolve to require mandatory translation into French of agreements relating to stock-based benefits.</p>