

FRANCE

Corporate tax rate

The corporate income tax rate is 50 percent.

Method of computing depreciation

For all depreciable assets acquired prior to January 1, 1960, straight-line depreciation continues in effect until the assets are fully depreciated. The declining-balance method becomes mandatory for certain types of assets acquired after January 1, 1965. The taxpayer has an election to apply the declining-balance method to qualifying assets acquired between January 1, 1960, and January 1, 1965, or may continue using the straight-line method. However, the same system must be applied to all assets acquired during this period to which the election applies. It should be noted that the various special acceleration provisions will, in general, continue to apply under the straight-line method, but may not be used in conjunction with the declining-balance method.

Assets qualifying for the declining-balance method must be new when acquired by the taxpayer and has a normal useful life of more than 3 years. The following types of assets qualify for depreciation under the declining-balance method: (1) Machinery and equipment used in industry for manufacture, transformation, or transport; (2) handling equipment; (3) water and air purification installations; (4) installations for the production of steam, heat, or energy; (5) fire-detection and firefighting equipment, burglar alarms, and industrial safety devices; (6) medical equipment; (7) business machines, except typewriters; (8) machinery and equipment for scientific and technical research; (9) equipment for the storage of merchandise; and (10) all buildings and equipment of enterprises in the hotel business (lodging or meals and lodging) but excluding installations for enterprises in the restaurant business only. Other types of assets must be depreciated under the straight-line method. Such types include all buildings, except hotel buildings, trucks of less than 2-ton capacity, passenger cars, buses, office furniture, and typewriters.

Under the declining-balance method, a switch to the straight-line method may be made when the point is reached at which the straight-line method produces a greater annual deduction than the declining-balance method.

Rates of depreciation

Rates of depreciation must be "within limits of those customarily applied in each branch of industry, commerce, or business." Negotiations for rates are in most instances with individual taxpayers, but may sometimes be with industrial groups. Factors such as obsolescence and particularly intensive use may be taken into account in determining depreciation rates. Typical rates under the straight-line method are:

	Percent
Industrial buildings.....	5
Commercial buildings or housing.....	2- 3
Machinery and office furniture.....	5-10
Motor vehicles.....	20-25

The rates under the declining-balance method are determined by applying coefficients to the straight-line rates. The coefficients are 1.5 for assets having a normal useful life of 3 or 4 years, 2 for assets having a life of 5 or 6 years, and 2.5 for assets having a life of longer than 6 years.

Types of buildings or equipment not subject to depreciation

None.

Accelerated depreciation

As explained above, the declining-balance method is mandatory for certain categories of assets acquired after January 1, 1965, and may be elected for qualifying assets acquired between January 1, 1960, and January 1, 1965. A number of forms of accelerated depreciation have been in effect and continue in effect for assets acquired between January 1, 1960, and January 1, 1965, if the taxpayer continues to use the straight-line method. However, these acceleration provisions do not apply if the taxpayer elects to use the declining-balance method with respect to such assets.

For office equipment (other than typewriters), handling equipment, water and air purification equipment, equipment for production of steam, heat, or