FRANCE

Export Subsidies

Exemption from Sales Tax

Exports are excluded from the sales tax (tax on value added) TVA, and services tax (TPS). In addition, the exporter has a credit with the French Treasury for the TVA on components, plus services tax on services making up his exported product. He also has a credit for the "financial deductions" generated by the acquisition of capital goods or by overhead expenses related to his export business.

Income Tax Incentives

Market studies for the establishment of an office abroad are tax deductible, as are the expenses incurred during the first three years of operation of such office. Restitution may be spread over the next five years, however, prior agreement by the government that this re-incorporation into taxable income is not necessary nullifies the restoration requirement. Income placed in a reserve fund to cover risks incurred through export sales and work performed abroad with medium-term credits may be excluded from taxable income, but reserves not used to cover such losses must be taken back into taxable income in the next year. Goods imported to be reexported either as is or as components of a product are exempted from import duties and taxes. Holders of an Exporter's Card (producers exporting at least 20% and merchants exporting at least 50% of their total sales volume may be allowed to delay payment of taxes beyond the due date, if they can show that their temporary inability to pay is due to their efforts to export.

Export Credit Insurance

The French Export Insurance Company (COFACE), a quasi-governmental organization insures against commercial, exchange, price increase, catastrophic and political risks. Policies generally cover between 70 to 90% of the risk,