

## Value Added Tax (VAT)

VAT is an generalized indirect tax that is included in the sales price of goods and services in France. It is paid by the buyer. It was introduced by 1964 and is governed by law. What is specific about this tax is that it is collected by businesses.

### THE FOREST SECTOR IS NOT EXEMPT FROM VAT.

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However, since March 2016 and the amendment introduced with the December 2015 finance act, only one form of VAT is applicable to the forest. It is set at a rate of 20%, except for forestry plants and fuelwood, which are taxed at a rate of 10%.

- The 20% tax rate applies to all forestry work, surveying, unprocessed wood sales (standing wood, felled timber, wrought timber, hauling wood; firewood, regardless of dimensions) and to services, certain supplies, roads, tracks, infrastructure, etc.

N.B. there is no VAT on the leasing of hunting rights, or on insurance payments compensating a claim.

There are three situations:

**Situation one:**

The total income earned (wood and agricultural products) is less than €92,000 over two consecutive years: it is not mandatory to charge VAT. The forester may benefit from reimbursement of the VAT at a flat rate of 4.43% of the value of the goods sold (flat-rate reimbursement regime, a business registration number (SIRET) is required).

**Situation two:**

The total income earned exceeds €92,000 over two consecutive years: the forester is required to charge VAT (simplified agricultural regime or RSA) from 1<sup>st</sup> January of the following year.

**Situation three:**

If there is a lot of work to be done but only a low income is generated, the forester may register for VAT on a voluntary basis and opt for the simplified agricultural regime. This option applies for three years and may be renewed (a SIRET business registration number is required).

N.B. In France, forest groups are subject to the same regime as natural persons. They are thus subject to the same fiscal liabilities.

Keep an eye on Forêt Investissement's articles and advice to stay up-to-date with the legislation applicable to forests.