

**SALE OF FOREIGN COMPANIES' SECURITIES MAINLY IN
REAL ESTATE IN FRANCE:**

EXEMPTION FROM TRANSFER TAXES

Nice Court of First Instance (Tribunal de Grande Instance)

Sale of foreign companies' securities mainly in real estate in France: the Nice Court of First Instance invalidated the French tax authorities' position which is against the French law.

According to the French tax authorities, the sale of foreign companies' securities mainly in real estate in France is liable to a 5% transfer tax based on the sale price, which must be paid by the purchaser of the securities.

According to a final judgment handed down by the Nice Court of First Instance, this position is against the French law (Nice Court of First Instance, 27 September 2007, no. 380). The Court confirmed the claimant's argument, whereby, in accordance with territoriality rules, the sale of these securities must be exempt in France in the absence of a legal instrument entered into in France.

This decision in principle provides a case precedent for purchasers of foreign companies' securities mainly in French real estate, which may be raised against the French tax authorities in the event of a tax audit.

Should you need any further information, please contact us:

paris@troy-avocats.com