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FRENCH INVOICING RULES AND REQUIREMENTS

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1. RAISING AND ARCHIVING INVOICES

The seller is required to raise its invoices in two copies (one for himself, the other for the buyer) upon the sale or delivery of services. The invoice must be denominated in Euros. It is however possible to raise the invoice in a foreign currency if the customer is located in a country which is not a member of the E.U.

The invoices must be kept by each of the parties for a period of:

- Six years for tax purposes,
- Five years commercial purposes,
- Ten years for accounting purposes.

2. COMPULSORY INFORMATION ON THE INVOICE

2.1 The seller

- Name of the company
- Type of entity (SA, SARL, etc.)
- Amount of capital
- Address of the head office
- Address of the French branch (for a foreign company)
- RCS number followed by the name of the city where the greffe (secretary of state) is located and the Siren number
- VAT ID

2.2 The customer

- Name of the individual or of the company
- Address

2.3 The date of the invoice

This is the date of the sale or delivery of service

2.4 The invoice number

The invoice number must be in chronological order and must be continuous and the seller must ensure that a number is not used more than once,

2.5 The products or services sold

- The quantity sold,
- Detailed descriptions,
- The unit price before VAT of the goods or services sold,
- The total amount before VAT and before any price reductions.

2.6 VAT

- The rate of VAT by product or service,
- The total amount of VAT,
- The intra-European tax ID number **for the client and the seller** for :
 - Good sold in European countries with the statement “exempt from VAT, article 262 ter I du CGI”
 - Services provided to an European company (excluding between two French entities) with the statement “exempt of VAT article 283-2 du CGI”.
 - In these two cases no VAT rate and no VAT amount must be mentioned.
- Statement regarding any particularities from which the seller is benefiting such as VAT paid after debits.

2.7 Rebates, Discounts, Deductions, on the invoice date (excluding payments on account)

These elements must be detailed on the invoice

2.8 The due date

These elements must be detailed on the invoice

2.9 The cash discount terms or the mention that no cash discount applies in case of payment in before the due date,

These elements must be detailed on the invoice

2.10 The rate of interest or penalties if payment is made later than due date

The interest rate for payments after the due date indicated on the invoice must be at least greater than 3 times the legal interest rate.

3. TAX AND LEGAL SANCTIONS

3.1 Tax sanctions

Lack of invoice

When a person has not respected the obligation to deliver an invoice, he is subject to a Tax penalty equal to 50% of the amount of the transaction. The client may also be held responsible to pay this penalty.

When the seller brings the proof that the transaction has been regularly booked the penalty is reduced to 5% of the amount of the transaction.

Omissions or inaccuracies on the invoice

There is a penalty of 15 Euros per omission or error. The penalty for each invoice may not be above one quarter of the amount which is or should have been indicated.

3.2 Legal sanctions

Lack of invoice

If the lack of invoice shows a voluntary fraud from the management, legal action can be instituted by tax administration with risks of penalties up to 75,000 Euros and 5 years imprisonment.

4. OTHERS

Order vouchers

As any commercial documents the order voucher must mention all the information listed in section **2.1**.

In the case of a dispute on the payment of an invoice, the seller must prove the link between an order voucher and the invoice. To avoid such difficulties, it is advised that the buyer sign the order voucher or send a written confirmation of the order detailing in both cases the quantities and price.