No. 9439

FRANCE
and
MONACO

Exchange of letters constituting an agreement concerning the tax status of shareholders in Monegasque companies who are domiciled in France. Paris, 9 December 1966

Authentic text : French.

Registered by France on 26 February 1969.

FRANCE
et
MONACO

Échange de lettres constituant un accord relatif à la situation fiscale des actionnaires de sociétés monégasques domiciliés en France. Paris, 9 décembre 1966

Texte authentique : français.

Enregistré par la France le 26 février 1969.

[TRANSLATION — TRADUCTION]

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT[1] CONCERNING THE TAX STATUS OF SHAREHOLDERS IN MONEGASQUE COMPANIES WHO ARE DOMICILED IN FRANCE

I

Liberty - Equality - Fraternity

FRENCH REPUBLIC

MINISTRY OF FOREIGN AFFAIRS

Paris, 9 December 1966

Sir,

Articles 1 and 2 of Act No. 65-566 of 12 July 1965 introducing changes in the taxation of enterprises and of income from movable capital provide that persons having their true domicile or their head office in France shall be granted a tax advantage in the form of a tax credit equal to one half of the proceeds actually paid out by French companies to their shareholders. Article 3 of the Act provides that, where the proceeds distributed are paid out of profits which have not been subjected to company tax at the rate of 50 per cent — i.e., in particular, out of profits from business carried on outside France — the payment of the proceeds shall be subject to the collection in advance of a tax equal to the amount of the credit granted against such distributions.

Under article 7 of the aforementioned Act, profits made in France by foreign companies are assumed to be distributed in respect of each financial year to members not having their true domicile or their head office in France and are therefore subjected to a tax deducted at the source at the rate of 25 per cent. However, the same article provides that companies may apply for an adjustment of the deduction where the sums to which it has been applied exceed the total amount of such distributions. They may also apply for such an adjustment where they can show that the beneficiaries of the distributions have their true domicile or their head office in France and have been paid the sums corresponding to the deduction. Under article 6 of the same Act, dividends distributed by such companies to shareholders domiciled in

[1] Came into force on 23 January 1968 by the exchange of the notification signifying that the requisite constitutional procedures had been completed on both sides, in accordance with the provisions of the said letters.