

# The conference

## Tax consolidation - current situation

### and outlook



#### PRESENTATION

The tax consolidation regime (CGI, art 223 A) is almost thirty years old and has become, in practice, a common law tax regime for groups.

Its ability to adapt to the environment of groups is now well established. Since 1988, the regime has been significantly adjusted but without ever overturning the principles that have been in place since the start - fairness and usefulness. Its reputation of technical complexity is its corollary.

But in recent years, the European dimension has become an element in the system, in particular as a result of community case-law.

Thus, the rules for determining the scope of tax consolidation have changed a number of times in order to take into account the presence, if applicable, of some non-French European companies in the groups.

More recently, it is the principles governing the determination of the overall result in the presence of non-French European companies, that have been the subject of ECJ case-law. Some binding changes of the French regime have already arisen from it - thus with effect from 2016, the neutralisation of the share of costs and charges in respect of intragroup distributions can no longer be neutralised. But it is not certain that this will suffice to make the regime compatible with the principles arising from this latest case-law. Thus, major discussions are currently under way regarding its future development.

Will the regime survive these changes? And in what form?

#### INTERESTS & OBJECTIVES

- Current situation
- Exact nature of the issues raised
- Outlook for this regime

#### POINTS DISCUSSED

- European case-law in the area of tax consolidation
- Current French system and its main features
- Notable convergences and divergences with the other European group tax regimes
- Discussions and proposals on future developments

#### SPEAKER



**Patrick Morgenstern**  
chartered accountant