

This guide has been prepared by an independent third-party law firm. The guide is effective as of January 2024 and will not be regularly revised. This guide does not provide tax advice. Instead, Rover encourages you to seek tax advice from a qualified professional to learn about your tax obligations.

January 2024

FRANCE – TAX CONSIDERATIONS ON PET CARE SERVICES PROVIDERS

The following information is a tax guide intended to provide the users of Rover platform essential information on tax and social security obligations that may apply to your situation when providing pet care services in France.

Taxation is a complex topic and it is important that you ensure you are informed of your tax obligations and comply with tax regulation. You are liable for preparing and filing your tax returns as well as paying your taxes on time.

If you are a pet care provider in France, you have to know and understand each of the following types of taxes and pay those that apply to you:

- Income taxes;
- Social security contributions;
- Value added tax (VAT).

Please note that this information is not exhaustive and does not constitute legal advice. If you are uncertain about your local tax obligations, we invite you to consult local official sources or seek advice from qualified professionals.

Please note that we do not update this information in real time, so you should ensure that laws or procedures have not changed recently.

The following guide has been prepared for individuals **(i)** being French tax residents, **(ii)** affiliated to the mandatory French social security scheme and **(iii)** providing personal pet sitting services in France¹ as independent self-workers. It does not include any comments concerning individuals providing such services under any other status, notably through any legal entity. This guide does not include any comments on potential local taxes due, notably the real estate contribution of companies ("CFE" in French).

Point of attention: we draw your attention to the fact that, according to French tax legislation, Rover has the obligation to declare to the French tax authorities the industrial and commercial profits received by users of the platform who are French tax residents.

Therefore, if there is a difference between the information declared by Rover and the income you reported in your annual income tax return, the French tax authorities may ask you questions and start a tax or social security audit.

¹ Mainland excluded overseas territories which could benefit from specific tax and social security rules.

INCOME TAX AND SOCIAL SECURITY OBLIGATIONS

The activity of pet sitter qualifies in principle as a commercial activity for French tax purposes ("*Bénéfices Industriels et Commerciaux*" or "*BIC*"). The activity should also qualify as a professional activity to the extent the individual is providing pet care services on a personal basis, directly and continuously, i.e. on a regular basis (knowing that a business activity could qualify as "professional" even if it is not the main professional activity of the service provider)².

The first step for the self-employed workers is to declare their business activity with the social security and tax authorities. For that purpose, they can declare this new activity and proceed to all the formalities in this unique online portal ("*Guichet unique*") by clicking on this [link](#).

The income tax and social security regimes depend on the level of the turnover and on some options of the taxpayer. You will find below a presentation of **(1)** the profit thresholds, **(2)** the regime of the self-employed workers opting for "*auto-entrepreneurs*" status, **(3)** the regime of micro-business ("*Micro BIC*") and **(4)** actual expenses regime ("*Régime réel*").

1. What are the different thresholds impacting my tax and social security regimes ?

You will find below an overview of the different thresholds applicable to determine the tax and social security regime for the provision of services under a commercial activity:

Regime	Tax	Social	References
<i>Auto-entrepreneur</i>	Turnover ³ ≤ €77,700 + net income of the tax household ≤ €28,797 and under option	Turnover ≤ €77,700	Article 151-0 FTC Article L. 613-7 FSSC
<i>Micro-business</i>	Turnover ≤ €77,700		Article 50-0 FTC Article L. 613-7 FSSC
<i>Actual expenses regime</i>	Turnover > €77,700 or under option	Turnover > €77,700 or under option	Article 302 septies A bis FTC

Please see below for more details on the thresholds.

2. Auto-entrepreneur regime

2.1. What is the Auto-entrepreneur tax regime ?⁴

² This tax guide is prepared based on the assumption that those conditions are met.

³ Meaning gross revenues, before any deduction of any expenses and excluding French VAT if any.

⁴ <https://entreprendre.service-public.fr/vosdroits/F23267>

Conditions to benefit from the regime

Self-employed workers can, under certain conditions, opt for the "*auto-entrepreneur*" regime. Three conditions must be fulfilled:

1. They are subject to the *Micro-business* regime, i.e. turnover⁵ excluding VAT received during the previous year (Y-1) or the penultimate year (Y-2) did not exceed €77,700⁶ and they did not opt for the actual expenses regime; and
2. The net taxable income received by their tax household for the penultimate year (Y-2) did not exceed €28,797⁷ for one unit of the family quotient, this limit being increased by 50% or 25% for each additional half-unit or quarter-unit to the family quotient; and
3. They are subject to the *micro-social* regime, i.e. self-employed workers who benefit from the *micro-business tax* regime.

For the year of creation of the business activity, the threshold of €77,700 must be adjusted in proportion of the time of activity. This rule has no impact for the first two years of activity during which the Micro-business tax regime could apply in any case.

The option must be exercised with the social security authorities (URSSAF) before specific deadlines:

- For self-employed workers already in business, no later than September 30 of the year preceding the year for which the option is requested (i.e. no later than September 30, Y-1);
- For self-employed workers setting up their business, no later than the last day of the 3rd month following the month of creation of the business.

This option remains in force until renunciation by the self-employed worker or when one of the above three conditions ceases to be fulfilled. The change of regime then takes effect on January 1st of the following year.

Tax basis and tax rates

Self-employed workers who opt for this regime are subject to a **flat income tax**:

Regime	Tax rate	Tax basis
<i>Auto-entrepreneur</i>	1.7% flat rate	Turnover excluding VAT (without deduction of expenses)

The individual does not have to pay any additional income tax on this income.

⁵ Meaning gross revenues, before any deduction of any expenses and excluding French VAT if any.

⁶ Applicable for 2023 (this threshold is reassessed on a regular basis).

⁷ Applicable for 2023 (this threshold is reassessed on a regular basis).

Reporting and payment obligations

Self-employed workers must file a specific tax return and pay the flat income tax, on a monthly or quarterly basis, to the social security authorities (*URSSAF*). The annual turnover must also be reported in the annual income tax return to be filed in May – June of the next year (Y+1), in the Form No. 2042 C PRO, since the income is taken into account for the calculation of the effective income tax rate and the reference taxable income⁸.

2.2. What is the Auto-entrepreneur social security regime ?⁹

Conditions to benefit from the regime

Self-employed workers subject to the *micro-business* tax regime (see 1.3.) are subject to the "*auto-entrepreneur*" social security regime or "*micro-social*" regime. It means that the turnover excluding VAT they received during the previous year (Y-1) or the penultimate year (Y-2) did not exceed €77,700 and that they did not opt for the actual expenses regime

This social security regime applies automatically, except if the self-employed worker opts to be subject to social security contributions according to ordinary rules. This regime ceases to apply when the worker opts for the actual expenses tax regime (see 1.4) or when the activity ceases to meet the conditions of the micro-business tax regime.

Social security basis and rates

Self-employed workers are subject to **social security contributions**:

Regime	Social security rate	Social security basis
<i>Auto-entrepreneur</i>	21.2% flat rate ¹⁰ + 0.2% contribution to professional training ¹¹	Turnover excluding VAT (without deduction of expenses)

The individual does not have to pay any additional social security contributions on this income.

Reporting and payment obligations

Self-employed workers must declare their turnover and pay social security contributions, on a monthly basis, with the social security authorities (*URSSAF*). However, the individual can opt for quarterly periodicity.

Self-employed workers can opt to be subject to social security contributions according to ordinary rules, notably to pay the minimum social security contributions. In this case, they must declare and pay their social security contributions under the ordinary conditions applicable to self-employed

⁸ If reference taxable income of the tax household exceeds €250,000 or €500,000 for a married couple, exceptional contribution on high income could apply in addition with rates of 3% and 4%

⁹ <https://entreprendre.service-public.fr/vosdroits/F37353>

¹⁰ Under conditions, it is possible to request a 50% exemption of social security contributions until the end of the third trimester following the trimester of creation of the business activity. For more information, please click [here](#).

¹¹

workers. The option must be exercised via the online account at www.auto-entrepreneur.urssaf.fr and before some specific dates¹².

3. Micro-business regime ("Micro-BIC")

3.1. What is the Micro-business tax regime ?¹³

Conditions to benefit from the regime

Self-employed workers can automatically benefit from Micro-business tax regime if the turnover excluding VAT they received during the previous year (Y-1) or the penultimate year (Y-2) did not exceed €77,700. This tax regime will be applicable to the extent **(i)** they did not opt for the auto-entrepreneur regime and **(ii)** they did not opt for the actual expenses regime.

Tax basis

Self-employed workers operating under this regime benefit from a simplified method of determining taxable profit by applying a flat-rate allowance intended to cover all costs and expenses incurred. **Taxable profit is determined by deducting an allowance equal to 50% of the turnover** (this allowance cannot be less than €305).

Tax rates

The taxable profit is then subject to the following progressive income tax rates¹⁴:

Tax brackets	Tax rates
0 € - € 11,294	0%
€ 11,294 - € 28,797	11%
€ 28,797 - € 82,341	30%
€ 82,341 - € 177,106	41%
Above € 177,106	45%

This tax regime applies automatically. However, self-employer workers can opt **(i)** for the *auto-entrepreneur* tax regime if the above-mentioned conditions are met or **(ii)** for the actual expenses regime.

Reporting and payment obligations

¹² For self-employed workers already in business, the option must be exercised no later than December 31 of the year preceding the year for which the option is requested. For workers setting up their business, the option must be exercised no later than the last day of the 3rd month following the month of the creation of the business. This option is valid for the calendar year and it is tacitly renewed each calendar year, unless the worker requests a change.

¹³ <https://entreprendre.service-public.fr/vosdroits/F23267>

¹⁴ Tax rates for the year 2023. For taxpayers being married or under a civil partnership, the income taxes are jointly calculated and it has an impact on the application of progressive tax rates. By the way, if reference taxable income of the tax household exceeds €250,000 or €500,000 for a married couple, exceptional contribution on high income could apply in addition with rates of 3% and 4%

Annual turnover must be reported on the annual income tax return to be filed in May-June of the next year (Y+1), using Form No. 2042 C PRO. The amount to be declared is the gross amount, since the tax authorities themselves deduct the 50% flat allowance.

Self-employed workers subject to the *Micro-business* regime do not have the obligation to file a specific tax return for their business activity and to prepare financial statements. They are only required to keep a journal book chronologically listing their professional revenues, supported by invoices and any other supporting documents.

Income taxes will be deducted on a monthly or quarterly basis by the French tax authorities directly from the bank account of the self-employed worker¹⁵. The balance of income tax will have to be paid ,after the filing of the annual income tax return, between September and December of the next year (Y+1). If the advance payments were higher than the final income tax due, the self-employed worker obtains a refund.

3.2. What is the Micro-business social security regime ?¹⁶

The social security regime applicable to Micro-business activities is the same than for Auto-entrepreneurs activities. Therefore, please refer to our above comments in Part 1.2.2.

4. Actual expenses regime ("régime réel")

4.1. What is the actual expenses tax regime ?¹⁷

Conditions to benefit from the regime

Self-employed workers whose annual turnover excluding VAT for the previous year (Y-1) and the penultimate year (Y-2) exceed €77,700 are compulsorily subject to the actual expenses tax regime.

Workers eligible to the Micro-business tax regime can also voluntarily opt for the actual expenses regime. This option must be expressly formulated before specific dates¹⁸.

Tax basis

Under this regime, self-employed workers must determine their taxable profit by deducting expenses actually incurred. Taxable profit thus corresponds to the difference between **(i)** revenues received and **(ii)** expenses incurred for carrying out the activity, including deductible social security contributions (cf. below).

Expenses that meet the following requirements are considered tax deductible under this regime:

- They are linked to the business activity carried out, meaning that they are specifically needed for the activity (e.g., the purchase of a dog leash).
- They are suitably justified with documents such as invoices.
- They are registered in the accounting or in the record books that taxpayers who carry out business activities must keep under this regime.

¹⁵ Those advance payment of income taxes are calculated based on income taxes due during the two previous years.

¹⁶ <https://entreprendre.service-public.fr/vosdroits/F37353>

¹⁷ <https://entreprendre.service-public.fr/vosdroits/F32919>

¹⁸ For workers already in business, option must be expressed within the deadline for filing the annual income tax return for the year preceding the year for which the option is requested (i.e. in May-June Y). For workers setting up the business, option must be expressed at the latest when filing the annual income tax return for the year of the first period of activity (i.e. in May-June Y+1). This option is valid for the calendar year and it is tacitly renewed each calendar year, unless waived by the worker.

Taxable profit is in principle determined based on acquired receivables and incurred debts (accrual-basis accounting). Under conditions, it is possible for the workers to opt for a cash basis accounting.

Tax rates

The taxable profit is then subject to the following progressive income tax rates¹⁹:

Tax brackets	Tax rates
0 € - € 11,294	0%
€ 11,294 - € 28,797	11%
€ 28,797 - € 82,341	30%
€ 82,341 - € 177,106	41%
Above € 177,106	45%

Reporting and payment obligations

Revenues and expenses must be reported in a specific annual income tax return for commercial activities by using Form No 2031²⁰. This return must be filed no later than the second working day following May 1st of the next year (Y+1) and an extension of 15 days is granted in case of online filing.

The taxable profit must also be reported by the self-employed workers in their personal and annual income tax return to be filed in May-June of the next year (Y+1), in the Form No. 2042 C PRO.

Self-employed workers will have to prepare financial statements, even if they can be simplified accounts, notably for preparation of the Form No 2031. They must keep regular, true and fair accounts, supported by supporting documents. It is recommended to request the professional assistance from accountants.

Income taxes will be deducted on a monthly or quarterly basis by the French tax authorities directly from the bank account of the self-employed worker²¹. The balance of income tax will have to be paid, after the filing of the annual income tax return, between September and December of the next year (Y+1). If the advance payments were higher than the final income tax due, the self-employed worker will obtain a refund.

4.2. What is the actual expenses social security regime ?²²

¹⁹ Tax rates for the year 2023. For taxpayers being married or under a civil partnership, the income taxes are jointly calculated and it has an impact on the application of progressive tax rates. By the way, if reference taxable income of the tax household exceeds €250,000 or €500,000 for a married couple, exceptional contribution on high income could apply in addition with rates of 3% and 4%

²⁰ Since 2023, if the self-employed worker did not submit the accounts to an accredited center or association or to an accredited accountant expert, the taxable profit is no longer increased by 10% like in 2022.

²¹ Those advance payment of income taxes are calculated based on income taxes due during the two previous years.

²² <https://www.urssaf.fr/portail/home/artisan-commercant.html>

Conditions to benefit from this regime

Self-employed workers who do not fulfill the conditions to benefit from the micro-business regime (cf. above) are subject to the ordinary social security regime. Workers can also opt for the actual expenses regime.

Social security basis

Social security contributions are calculated on the same basis of self-employed income than for calculation of income tax (cf. above). Therefore, social security contributions are deductible from their own basis.

Provisional social security contributions are calculated and paid on the basis of the taxable income of the penultimate year (Y-2) and, then, updated as soon as the taxable income of the previous years (Y-1) has been declared. The balance of social security contributions is paid during the next year (Y+1) when the taxable income of the year has finally been declared.

Social security rates

Different social security contributions will apply such as sickness insurance contributions, unemployment contributions, pension contributions, etc. Various rates are applicable and some contributions are capped, so the social security contributions depend on the level of the taxable profit and are degressive in practice.

For the first year, the social security contributions are calculated based on fixed amounts and then they are updated as soon as the first income tax return has been filed. In the event the taxable income is nil or a loss, minimum social security contributions would be due.

Please click [here](#) to obtain details on those social security rates and basis.

Reporting and payment obligations

The information needed to calculate social security contributions is reported in the annual income tax return which is filed in May – June of the next year (Y+1).

Unless a quarterly payment option is chosen, payment is made on a monthly basis. Payments are due on the 5th of each month, unless the entrepreneur chooses to pay on the 20th. Payment is made by electronic means.

VALUE ADDED TAX

Broadly speaking, VAT applies to most consumer goods delivery and services supplied in France.

A person established in France who supplies goods and/or services in France may have to charge VAT and pay this to the French tax authorities (in general terms, if the recipient is a final customer).

If you are currently providing pet services, you may be required to apply VAT to the income charged and to pay this VAT amount to the French tax authorities. As Rover is not supplying the pet service, it is the responsibility of the person supplying pet services to consider local VAT obligations of the consideration charged to pet owners.

Do I need to collect any VAT from the pet owners in France?

In general, individuals that habitually or occasionally perform a business activity in France for VAT purposes must charge VAT for the supply of goods and services. This qualification (VAT taxable person) should be analysed in a case by case basis.

You are required to register for VAT purposes if you perform VAT taxable activities subject to and not exempt from VAT in France and are established in France.

However, below a certain turnover threshold, you are entitled to apply the VAT scheme for Small Businesses that means that you don't need to charge VAT on your services and you are exempt from any VAT obligation and formalities. As depending on your particular situation you could be considered as a business or entrepreneur for VAT purposes or not, we encourage you to seek advice from a qualified professional if you need help determining whether you are subject to VAT obligations in France.

How do I know if I can benefit from the VAT scheme for Small Businesses?

The VAT scheme for Small Businesses is applicable to you if you are a French resident and you are under certain turnover thresholds fixed by Article [293 B of the General Tax Code](#). If you do not have a French resident status, you cannot benefit from the VAT scheme for Small Businesses in France.

As the assessment of these different thresholds is complex and subject to change each year, you can find more information on this topic [here](#) and by contacting your tax advisor. We would also like to draw your attention to the fact that the current scheme will be subject to a major reform on 1 January 2025.

In general terms, you can benefit from the VAT scheme for Small Businesses if you are in one of the following situations :

- Your turnover of supply of services in the previous calendar year (Y-1) did not exceed €36,800.
- Your turnover of supply of services in the penultimate calendar year (Y-2) did not exceed €36,800 and that of the previous calendar year (Y-1) did not exceed €39,100.
- Your turnover of supply of services for the current calendar year (Y) must not exceed €39,100.
If you exceed this threshold, you will have to pay VAT on the 1st day of the month in which you exceed it.

You can also benefit from the VAT scheme for Small Businesses your first year of activity as long as the turnover does not exceed €39,100.

If, in addition to your activity as a pet sitter or dog walker, you combine another activity as a service provider and/or delivery of goods, the VAT-based exemption is only applicable to you if you cumulatively meet the following conditions :

- You have not achieved an overall turnover (i.e. cumulation of the activities of supply of goods and provision of services) of more than €91,900 in the previous calendar year (Y-1) or €101,000 provided in the latter case that total sales for the penultimate year (Y-2) did not exceed €91,900.
- And you have not achieved a turnover relating to the provision of services of more than €36,800 in the previous calendar year or €39,100 provided in the latter case that total services for the penultimate year (Y-2) did not exceed €36,800.

If you do not wish to benefit from the VAT scheme for Small Businesses because you prefer to opt for VAT, you must indicate this to your local French tax authorities office (SIE). The option for VAT must be sent in writing to the SIE; It takes effect on the 1st day of the month in which it is reported and covers a period of two years, including the period in which it is declared.

Please note that your situation with regard to your income tax assessment has no impact on the application of the VAT scheme for Small Businesses. Thus, you may be subject to the actual expenses regime of taxation of your profits but benefit from the VAT scheme for Small Businesses.

I can benefit from the VAT scheme for Small Businesses, what are my obligations?

Under the VAT scheme for Small Businesses, no VAT should be charged to the pet owners and you should not deduct any VAT charged by your suppliers.

However, you do still need to register and remit reverse-charge VAT on services you purchase from abroad. In this case, you have to provide your French VAT number to the foreign service provider. The foreign service provider will not charge VAT on the invoice but you will be responsible for paying French VAT directly to the French tax authorities. If you are eligible to the VAT scheme for Small Businesses, this VAT will be a cost as it is not deductible by you.

With regards to the formality you should fulfill, please read the below chapters. If you issue an invoice to pet owners, the following mention should be indicated *"VAT not applicable, article 293 B of the General Tax Code (CGI)"*. » We also encourage you to contact a tax advisor if you have any questions to fully understand the rules that apply to your particular situation.

VAT applies to me, what are my obligations?

If you have to charge VAT on the services you provide, you will need to register for VAT and collect VAT from the pet owners. This VAT should be declared and remitted to the French Public Treasury via the filing of a periodic VAT return.

➤ VAT applies to me. How do I determine how much tax I need to collect from pet owners?

On the date of this document, the French VAT rate applicable to the supply of pet services is 20%. However, we recommend that you regularly check the VAT rates applicable to you with a local tax advisor or the tax authority.

➤ VAT applies to me. How do I collect VAT from pet owners?

Please note that the VAT collected from pet owners should be paid to the Authorities, but these amounts may be compensated with the input VAT amounts. Please contact a local qualified professional for advice in this regard.

To collect VAT from pet owners, some obligations apply, such as issuing an invoice to pet owners indicating, among other compulsory information, the price and the amount of VAT due on those services. In France the issuance of invoices is mandatory if a client is a business. You can find more information about the information to be mentioned on invoices [here](#). However for non business clients,

like pet owners, the consumer law only requires the issuance of a receipt where the services are €25 or otherwise requested by clients. You can find more information about the information to be mentioned on such receipts [here](#).

VAT returns in France should be filed online on the website impots.gouv.fr via your professional space. VAT must be paid on the date of submission of the VAT return. VAT returns usually have to be filed on a monthly basis. They can be filed quarterly if the VAT due is less than €4,000 per year. There are also certain simplified schemes that you can use under certain eligibility conditions, in which case an annual return may be filed.

The declarations must be filed before the date indicated to you by the tax authorities when you register for VAT. Generally, returns must be filed between the 15th and 24th of the month following the reporting period.

To find out more about filing returns, please visit the website of the French tax authorities - [here](#).

In any case, we recommend that you check your VAT obligations with a local qualified professional.

➤ **VAT applies to me. What happens if I don't collect VAT from pet owners?**

If you are required to charge VAT and you do not do so, the French tax authorities have a period of at least three years - extended to ten years in the case of fraud - to audit you and find that you have failed to pay and/or declare VAT. In addition to the VAT due, you may be liable for late payment interest (0.20% per month) and a penalty of 5% to 80% of the amount of VAT due. You could also be subject to criminal prosecution for tax evasion.