

LEAD THE WAY IN 2024: Ensure Timely Submission of Your 2023 Capital Income and Loan Declarations! Due February 15th

The purpose of these two declarations is to provide the French tax authorities with a summary of all capital income received by taxpayers from Companies and third-party payers (the "IFU"), as well as shareholders' (and family) loans of more than € 5,000 (the "loan declaration").

1. The IFU declaration (form 2051)

Are falling into the scope of these reporting obligations, in particular:

- companies **subject to corporation tax** which paid out **dividends** or **fees** to managing directors.
- and **all companies** (whether or not subject to corporation tax) that have paid **interest on a shareholder loan to a related company**.

For each beneficiary, the paying company must complete a 2561 form by 15 February 2024 at the latest. This return must be filed **electronically** (via EDI or EFI procedure).

Any delay in filing the IFU will result in a fine of €150, the fine is of €15 per omission or inaccuracy, with a minimum of €60 and a maximum of €10,000.

⇒ ***Failure to declare will result in a fine of 50% of the sums omitted. This fine can be avoided once, when the adjustment is made voluntarily, at first offence during the current year or the three previous years.***

2. Last chance to declare loans taken out in 2023 (form 2062)

Natural or legal persons involved, as parties or intermediaries, in the conclusion of loan contracts or in the drafting of the deeds evidencing them are required to declare to the tax authorities the names and addresses of the lender and borrower, the date, amount and terms of the loan, particularly its duration, the rate and frequency of interest and the terms of repayment of the principal.

In principle, all loan contracts, whether verbal or written, interest-bearing or non-interest-bearing, more than €5,000 must be declared, whether or not they have been registered.

Form 2062 is completed by the debtor in the absence of an intermediary. However, where a creditor has granted several loans during the same year for a total amount exceeding €5,000, this declaration must be fulfilled.

The broker must submit this form by 15 February of the year following the year during which the contract was concluded, to the tax department of the place of the declarant's actual domicile, registered office or, if different, principal place of business.

When this declaration is made by the debtor or creditor, the declaration is sent to the tax department to which the debtor or creditor belongs at the same time as the declaration of income (or profits).

If a declaration is not filed or is filed lately, a fine of €150 is payable for each document not duly filed. A fine of €15 per omission or inaccuracy may be triggered, with the total of fines applicable to documents that must be filed simultaneously being no less than €60 and no more than €10,000. These fines are not applicable in the case of a first offence committed during the current calendar year or the three previous years when the offence is remedied spontaneously or within 30 days of a request from the administration.

In addition to the loan declaration, we recommend recording the loan agreements, and family loans in particular, before the tax department, so that it will have a definite date in the event of a request for information or an audit from the tax authorities (cost of €125).

We will of course be happy to answer any questions you may have, and to assist you with those reporting obligations.

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