

FRANCE-CHINA.BIZ



FINANCIAL ADVISION SERVICES
TRANSACTION SERVICES
STRATEGIC AND COMMERCIAL INTELLIGENCE

COMPARISON OF THE MAIN FORMS OF JOINT STOCK COMPANIES IN FRANCE

	Limited-liability company (SARL) (1)	Limited company (SA) usual form(9) (Board of directors)	Simplified joint stock company (SAS) (6)	Partnership limited by shares.
Key advantages	Easy to set up and operate for a closed ownership structure.	Structured for "monitored delegation". Organization of ownership.	At least one partner. Freedom to amend articles of incorporation (5)	Structured for a high degree of delegation. Takeover-proof structure.
Directors	One or more directors, who must not be corporate entities, but do not need to be partners.	- One individual to be the Chairman of the Board and CEO or two individuals to be Chairman and CEO respectively. - Deputy CEOs (up to 5) - Board of directors with 3 to 18 members and a statutory auditor.	- At least 1 chairman (individual or legal entity) and possibly a board with other members. - The company can be represented by a person so empowered by the articles (CEO or deputies).	One or more directors who do not have to be partners - A supervisory board: with at least 3 silent partners
Minimum capital	No minimum .(7) The capital amount is set by the articles of incorporation. Industrial contributions possible(8)	€37,000. (2) Public offerings allowed if share capital is greater than €225,000.No industrial contributions allowed(8)	€37,000. (2) No public offerings allowed.No industrial contributions allowed.	€37,000.(2)(3) Industrial contributions(8) allowed for general partners and banned for limited partners
Partners / shareholders	1 to 100 individuals and legal entities.At least 1 meeting per year: annual approval	At least 7 (with at least one natural person).At least 1 meeting per year: annual approval of the	At least 1 individual or Corporate entity.Only	At least one general partner and 3 silent

	of the accounts, review of contracts by simple majority at AGM, changes to articles of incorporation require ¾ majority at EGM.	accounts and ordinary decisions by simple majority at AGM, changes to articles of incorporation require 2/3 majority at EGM.	Certain decisions made by AGM: approval of the accounts, mergers, changes in capital, liquidation.	partners. Decisions made by general partners (usually unanimously) and silent partners.
Blocking minority	5% + 1 vote for amendments to the articles of incorporation	1/3 of shares at EGM 1/4 of shares in AGM	According to articles	According to articles
Liability of partners / shareholders	Limited to contributions, except in civil or criminal suits	Limited to contributions, except in civil or criminal suits	Limited to contributions, except in civil or criminal suits	General partners: Unlimited joint liability. Silent partners: Limited to contributions.
Transfers	Shares are transferable unless otherwise stated	Shares are transferable unless there is a clause requiring approval of new shareholders (registration tax: 1% of amount transferred)	Shares transferable unless there is an approval clause	Transfer of shares for silent partners. Transfer of shares for general partners (unanimous decision).
Specifics	Registration tax for transfers (4)	Statutory auditor required	Statutory auditor required	Statutory auditor required
Tax regime	Corporate income tax	Corporate income tax	Corporate income tax	Corporate income tax

- (1). A limited-liability company (SARL) may be set up with a single shareholder (EURL), who can then choose to pay personal income tax or corporate income tax on the company's earnings.
- (2). Cash contributions can be made in installments: half at the time the company is set up and the remainder over 5 years.
- (3). Variable capital is possible.
- (4). 4.80% of the acquisition price paid by the buyer. Exemption on first €23,000.
- (5). Relationships between shareholders, management, organization of ownership and share transfers.
- (6). A simplified joint stock company (SAS) can also be set up with a single individual or corporate shareholder (SASU).
- (7). However, a company must have enough capital to meet its long-term needs.
- (8). Contributions where a partner or future partner gives the company the benefit of his activity, work and working knowledge. Such contributions are not added to capital but they do give rise to a distribution of shares entitling the holder to a percentage of earnings and a voice in company decisions).
- (9). There are also companies with an executive board, which are one variety of limited company. The executive body is an executive board with 2 to 5 members or a single general manager. The supervisory board has 3 to 18 members, who must all be shareholders. Its job is to supervise operations, but it also takes part in management.

