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CONFERENCE

Jean-Claude Bouchard, Sarvi Keyhani and William Stemmer will present, with the participation of Marc Wolf (Directeur adjoint chargé de la sous-direction D à la Direction de la Législation Fiscale) :
"The real estate VAT reform: understand the new applicable mechanisms as of March, 2010"
March 25, 2010

The conference will be held in French.

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KEY TAX ASPECTS FOR CROSS-BORDER INVESTMENTS IN FRENCH REAL ESTATE

Whilst France as many other European markets has experienced a major downturn in both commercial and non-commercial property sectors, there appears to be broad consensus that the third quarter of 2009 marked a shift in sentiment for investors and that 2010 sees recovery unfold amid continuing economic uncertainty. Investment transaction levels are already beginning to improve despite continued declines, or stabilisation at best, in many market fundamentals. To strengthen the global recovery, as many others in the Western world, the French government adopted various economic stimulus programmes. In the real estate area, developments in the taxation regime of real estate transactions and the introduction of new investment vehicles in recent years have aimed at progressively modernising and clarifying the sector's tax environment. Among the most notable over recent years, the following developments have significantly affected the industry's tax strategies:

- Several changes at the international level have impacted the structures implemented in the context of cross-border investments in French real estate. In particular, the entry into force of the Protocol to the tax treaty between France and Luxembourg with effect as from 1 January 2008, or the termination of the tax treaty between France and Denmark with effect as from 1 January 2009, have closed any possibility for direct investments from these countries to benefit from tax exemption in France on rental income and capital gains. Luxembourg has nevertheless remained an attractive jurisdiction for holding shares in property-rich French companies.

- The indirect taxation regime of cross-border transactions has also been notably affected in 2010 by the "legalisation" of the position upheld by the French tax authorities during many years, reiterated in a 2008 ruling and so far regularly overruled by French Case Law according to which the transfer of shares in foreign companies could never be subject to taxation in France in the absence of a deed executed in the country.

- Among indirect taxes, the "3% tax" rules have also been clarified and in many respects simplified in 2008. As a step further, the series of Tax Information Exchange Arrangements signed by France in 2009 with jurisdictions formerly considered as "bad countries" for 3% tax purposes should improve the attractiveness of the French market for investors from those countries.

- In respect of special treatments and ever since the listed real estate investment company or "SIIC" tax regime was introduced into French tax law, the regulations have experienced several changes. Over more recent years, measures aiming at avoiding the use of captive SIICs have been introduced progressively, the latest of which, effective for all SIICs since January 1, 2010, prevents them from being held for more than 60% by the same investor(s) acting in concert. The competitive advantage given to SIICs and similar vehicles when purchasing assets on the market from corporate investors has been extended until December 31, 2011.

- With a view to further developing the sector, France has introduced progressively a new real estate fund vehicle, the OPCI, which may take two different forms and be fairly flexible for distribution to either retail investors or institutional ones, subject to a tax regime modeled on that applicable to SIICs, but with fewer constraints as to its shareholding requirements. Similarly, the introduction of the FIDUCIE tends to give France a legal structure comparable to the anglo-saxon Trust but the purpose of which should be limited in France to security purposes.

- Finally, the most important real estate VAT reform of the last 50 years has been introduced with the objective of both simplifying the current rules and aligning them with the applicable EU regulations.

Although these new measures indicate that progress has been made, France has a complex taxation system which requires careful tax and legal structuring to meet investors' objectives. This overview highlights the potential tax implications of direct or indirect investments by cross-border players, both individual and corporate, upon acquisition, rental and disposal of French assets. Are also shortly described the main features of the two major forms of dedicated investment vehicles available. ■

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Acquisition Taxes on French Real Estate

Acquiring French real estate may trigger registration taxes or value added taxes, depending on the specifics of the transaction.

1- Registration taxes

- At the rate of 5.09% upon the acquisition of buildings which are not new or recently renovated (plus notary fees and expenses of approx. 1%).

- At the rate of 5% upon the acquisition of shares in a "real estate company". A "real estate company" is defined for transfer tax purposes as an unlisted French or foreign company, the assets of which consist, either at the time of their disposal or at any time during the preceding calendar year, for more than 50% of their value of French real estate properties or shares of an unlisted company which itself is a "real estate company". The registration tax basis consists of the fair market value of the shares or interest in the real estate company, and thus takes into account the indebtedness of the company. In practice, from a registration tax perspective, acquiring shares in a real estate company would require paying less registration duties than acquiring the asset directly assuming that the real estate company in question is genuinely leveraged.

- Mortgages trigger registration tax at the rate of 0.715% on the amount of the secured debt plus a 0.1% tax to be paid to the registrar of mortgages.

Registration duties are now applicable to transfers of shares in a foreign entity owning directly or indirectly mainly French real estate assets.

Prior to the Amended Finance Bill for 2009, issued on December 31, 2009, the French courts had consistently upheld that the transfer of shares in a non-French real estate company were only subject to the French transfer tax when the deed was executed in France. With effect as from January 1, 2010, the historic view of the French Tax Authorities has been legalised to overrule this Case Law. Accordingly, the acquisition of shares in a foreign entity owning mainly French real estate assets, whether directly or indirectly, is now subject to the French 5% transfer tax regardless of whether a deed is signed in France or not.

2- Value added tax (VAT)

A major reform of the current French real estate VAT system is expected to be effective as from the very beginning of March 2010.

It is therefore likely that as from the beginning of March 2010, VAT will be applicable on all real estate sales made within 5 years of completion of the building to the extent that the sale is made by a VAT liable person.

In addition, for sales of buildings after this initial 5-year period, it should be possible to make an election to be subject to VAT, in which case registration duties would nevertheless still apply. Moreover, French VAT recovered upon the initial acquisition would not have to be repaid if an election is made for the payment of VAT in such context.

Indirect taxes should be costs of the purchaser but may be taken into account in negotiating the consideration for the disposal.

Taxation of Rental Income

1- Non-resident individuals

Non-resident individuals wishing to invest in French real estate can do so either directly or indirectly via shares in French or foreign partnerships that acquire the property. If a foreign partnership is used, it will have to be checked that France sees it as a look through entity, not as an opaque entity.

Individuals receiving rental income from French property are liable to French income tax at progressive rates of up to 40%. However, according to French tax rules, non resident individuals taxed on French sourced income may not be taxed at an effective rate below 20%. As an exception, non-resident individuals may be subject to a more favorable effective tax rate provided they can prove that should their French and foreign sourced income be taxed in France, the applicable effective French tax rate would be below 20%.

Non-resident individuals owning properties in France which are not rented out may be subject to income tax on a forfaitary basis equal to three times the rental value of the properties, unless the individual is a resident in a country with which France has concluded a tax treaty.

The same rules will apply if the property is held via a look through entity (French or non French).

Shareholders in French property-owning companies (opaque companies) who receive their share of the income in the form of dividends may be subject to withholding tax on the dividends paid. French domestic rules provide for a 25% withholding tax (18% for a resident of EU country, of Norway or Iceland), however, this rate is generally reduced or avoided by the relevant tax treaty provisions.

2- Non-resident companies

Corporate income tax is payable at a rate of approximately 34.43% (including surcharge) on rental income for the relevant accounting period by:

- Non-resident corporations investing directly in French real estate;
- Non-resident corporate partners in French or foreign partnerships (where the partnership has not elected to be subject to corporate income tax); and
- French resident corporations.

Generally, income that a foreign corporation derives or could derive from renting real estate in France fall within the scope of corporate income tax, regardless of whether or not there is a permanent establishment in France. This principle has been specifically confirmed by the law in the Amended Finance Bill for 2009.

3- Calculation of taxable profits

For individual income tax purposes, the taxable rental income deriving from a property which is rented unfurnished is equal to the difference between the gross rental income and deductible expenses including:

- Repairs and maintenance work;
- Interest paid on a loan taken out for the purpose of financing the real estate investment;
- Management expenses;
- Insurance premiums;
- Certain taxes;
- Expenses.

For corporate income tax purposes, taxable rental profits are calculated on an accrual basis, based mainly on gross rental income accrued, minus deductible expenses, including:

- Repairs, maintenance, insurance premiums;
- Transfer and real estate taxes;
- Management expenses;
- Interest paid on a loan for the purpose of financing the real estate investment subject, for related party loans, to the French thin capitalisation rules; and
- Depreciation.

4- Tax depreciation

For individual income tax purposes, there is no relief for depreciation. For corporate income tax purposes, land is not depreciable but buildings are broken down into components, each depreciated over its useful lifetime.

For corporate income tax purposes buildings must be broken down into several components (provided one or several components of the asset have different periods of use), each depreciated according to its own useful lifespan.

5- Financing

As a rule, deduction of interest payments on a loan to finance the investment is available for both individual and corporate income tax purposes. However, thin capitalization provisions may limit the deduction for interest paid on loans granted by related parties. A maximum interest rate will be applicable together with three limitations:
- the amount of interest would be limited if related debt finance is in excess of 1.5 times the net equity of the company, and
- related party interest exceeds 25% of the current results before tax, and
- related party interest exceeds interest received from related parties.

There are specific rules applicable in the context of a tax consolidated group. The law provides for certain safe harbours and a deferred deduction mechanism for the interest in excess of these limits.

Thin cap rules are also applicable to foreign entities holding real estate assets in France when, under the relevant tax treaty, the taxable profits derived from the real estate assets are taxable in France. The French tax authorities have issued specific guidelines for the computation of the two first thin capitalisation tests when applied to direct investments in French property by foreign entities.

No withholding tax applies in France on the interest payments made as from March 1, 2010 to residents of countries considered as cooperative (i.e. almost all countries except those included in a list published by the French government on an annual basis). A new 50% levy is imposed on interest paid to non-cooperative States.

6- Repatriation of net income to investors

Dividend distributions made by a French subsidiary to its foreign holding company could theoretically give rise to a French withholding tax at the standard rate of 25% (or even 50% when dividend is paid to “non-cooperative States”). However, most tax treaties concluded by France reduce or even exempt from this withholding.

In addition, subject to certain conditions and in line with EU legislation, the French Tax Code provides that profits distributed to a parent company having its registered office in an EU Member State will be exempt from withholding tax.

If the investment is made in France directly by a foreign company which is treaty-protected, the after tax income remitted abroad will not be subject to any withholding tax under the relevant treaty as long as the ownership of the building does not constitute a permanent establishment in France. If the foreign entity is not treaty-protected, it may be required to pay a branch tax of 25%.

Exit Taxes

Any gains realized by non-resident investors on the transfer of French real estate are subject to French capital gains tax, unless decided otherwise by tax treaty provisions.

Under French domestic tax law, listed and unlisted companies which hold over 50% of their assets in the form of investment property in France, are deemed to be “predominantly real estate companies”. The disposal of any equity interest in such real estate companies is treated as the disposal of French real estate, subject to treaty provisions.

1- Non resident individual investors

The capital gain taxable in France is calculated on the sale price (net of expenses) minus the adjusted purchase price (inclusive of

related acquisition costs). Once the asset has been held for five years, the taxable gain is reduced by 10% for each year of ownership. Therefore, there will be no taxable gain if the asset transferred has been held for more than 15 years by the seller.

Gains realized on an occasional basis by individuals who are residents of the European Union, Norway or Iceland are subject to tax at a rate of 16%. The rate of taxation is 33.33% for other countries. However, from March 1, 2010, if the individual investor is a resident of a non cooperative jurisdiction (a list of countries will be published every year by the tax authorities) the rate of taxation is 50%.

According to French tax rules, where non-resident individuals make regular profits (property dealers' profits) from the disposal of French real estate or shares in real estate companies, a 33.33% tax rate applies (there is no formal definition of what constitutes occasional or regular disposals and each case is determined on a case by case basis). If the individual is a resident of a non cooperative jurisdiction the rate of taxation is 50%.

No additional personal income tax is payable on the capital gain realized.

2- Non resident corporate investors

For EU companies and those established in Iceland, Norway and Lichtenstein, capital gains generated as from March 1, 2010 are calculated in the same way as capital gains generated by French corporate taxpayers, i.e. based on the difference between the disposal proceeds and the deemed net book value of the building at the time of the disposal. A 2% reduction for each year of ownership to reflect depreciation on the purchase price of the building is only applicable as from March 1, 2010 to those companies not established in those countries. An advance withdrawal tax is payable at 33.33% and is due when the transfer is recorded. The tax paid can be offset against the corporate income tax liability. As from March 1, 2010, the excess tax is refundable provided that the seller is established in an EU member State or country having signed a double tax treaty with France including an "administrative assistance" or "exchange of information clause" (except for non cooperative States, in which case the tax is levied at the rate of 50% as from the same date).

For partnerships treated as transparent for tax purposes, the determination of capital gains differs depending on whether the partners are individuals or legal entities. Capital gains are taxed at the level of each partner.

Proper tax structuring may allow French capital gains tax exposure to be significantly reduced.

3- Tax representative

A tax representative will have to be appointed and would be held liable for any reassessment of capital gain tax when:

- The seller is a non-resident corporation or a partnership not located in France when its shareholder is a non-resident corporation;
- The seller is a non-resident individual or a non-resident partnership when its shareholder is a non-resident individual but only to the extent that the price of the sale is above € 150,000.

Other Taxes

Other relevant taxes include:

- **Wealth tax** - Payable by non-resident individuals with French

  assets in excess of € 790,000 at progressive rates up to 1.8% applied to the value of their French net assets (assets minus debts connected to the acquisition of the French assets).

- **Inheritance and Gift taxes** - French real estate owned directly or indirectly by a non-resident and shares in French real estate companies are deemed to be French situs assets subject to inheritance and gift rules and taxed upon the life time transfer or the death of the investor, subject to treaty relief. French inheritance and gift taxes range from 5% up to 60% depending on the value of the French estate and the relationship between the parties.

- **3% annual property tax** - French or foreign legal entities directly or indirectly owning real estate or real estate rights in France are, in principle, liable to a 3% annual tax on such real estate or rights they own on January 1, of any given year. Since January 1, 2008, the legal form of the French or foreign entity is not relevant as the 3% annual tax applies regardless of the legal status to all organizations, partnerships, or trusts. The tax is assessed on the fair market value of the property assessed as of January 1, of each year. There are a number of exemptions available, some of which have no filing requirements, some of which do necessitate the filing of a French 3% tax form or the notification of a commitment to provide certain information to the French tax authorities upon request:

Exemption without any filing requirements:

- Entities, which have less than 50% of their total French assets made up of French real estate assets,
- French real estate investment companies with a variable share capital (SPPICAV) to the extent they are offered to the public and similar foreign entities with a head office located in a country that has concluded a tax treaty with France, which contains an "administrative assistance clause", or a "non-discrimination clause" (including EU countries);
- Entities listed on a French stock exchange or a foreign stock exchange governed by similar listing rules and their 100% owned subsidiaries,
- State bodies,
- Retirement funds or a non-for-profit organizations established in France, in an EU member State or in a State having signed an agreement with France containing an "administrative assistance clause" or a "non-discrimination clause".

- Entities whose registered head office is in France, an EU member State or in a State having signed an agreement with France containing an "administrative assistance clause" or a "non discrimination clause" for small investments or minority shareholdings (i.e. if their interest in the underlying French assets is lower than € 100,000 or 5% of the fair market value of the assets).

Exemption with certain filing requirements:

Entities having their head office in France, in the EU or in a country having signed an agreement with France containing an "administrative assistance clause" or a "non discrimination clause" are exempt subject to either the annual filing of a form #2746 or to a one-off commitment to disclose certain information to the French tax authorities upon first request. The disclosures required include information as to the properties owned and as to the entities' shareholders owning 1% or more of shares or units of interest in the declaring entity.

- **Territorial Economic Tax ("TET")** - As from January 1, 2010, real estate investors will be subject to the new TET which replaces the former Business Tax from which they were generally exempt. The TET is composed of a Contribution on Business Property (CBP), and a Value-Added-Contribution ("VAC") in case the turnover exceeds

  500k€. The CBP is payable by the entity using the property for business purposes (e.g. the tenant) and calculated as a percentage of the so-called 'rental value' of the real estate asset. The VAC is a liability of the real estate investor and corresponds to a percentage of the "value added" of the company (company's earnings before interest, income taxes, wages and depreciation if the building is rented for more than 6 months). The VAC rate is progressive depending on the turnover and ranges from circa 0.5% to 1.5%. In order to limit the immediate impact of the TET, a discount on the overall VAC liability is granted for the real estate investment sector from 90% in 2010 to 10% in 2018. The full taxation would be effective only as from 2019.

Other real estate taxes include a tax on office premises in the Ile-de-France region, residential tax and various property taxes.

As from January 1, 2010, real estate investors will be subject to the new Territorial Economic Tax which replaces the former Business Tax from which they were generally exempt. The TET is composed of a Contribution on Business Property (CBP), and a Value-Added-Contribution ("VAC") in case the turnover exceeds 500k€. While the CBP will be due by the tenant, the VAC is a liability to the investor, which will progressively increase up to its full cost in 2019.

Optional regime for listed real estate companies

A specific tax exemption regime applies to listed real estate companies or *Sociétés d'Investissements Immobiliers Cotées* ("SIIC"). Upon election, these entities are entitled to an exemption from corporate income tax on rental income, capital gains and certain dividends, subject to certain distribution obligations. The French SIIC regime, even though inspired by similar other tax regimes applicable around the world, has some specificities.

1- Requirements to qualify

A real estate company is entitled to elect for this regime provided that the following conditions are met:
- The company must be listed on a regulated stock exchange;
- The company must have a minimum share capital of € 15 million;
- The main business purpose of the company must be the acquisition or construction of real estate for rental purposes, and/or direct or indirect shareholdings in entities (either corporate or partnerships) that have a similar business purpose.

Since January 1, 2010, the listing condition has been relaxed and SIICs no longer need to be listed on the French stock exchange. This should enhance the attractiveness of the SIIC regime since foreign REITs will no longer be subject to the dual listing obligation in order to elect for the SIIC regime in France. The foreign REIT is now required to be listed on a stock exchange which satisfies the same criteria as the ones provided by the EU directive dated 21 April 2004. A Foreign REIT wishing to elect for the SIIC regime together with its French affiliates should however in practice still be required to establish a branch in France.

Subsidiaries that are at least 95% directly or indirectly owned by a SIIC (or jointly owned by a SIIC and a SPPICAV) and that have a similar business purpose and are subject to tax may also elect to be subject to the regime.

Ancillary activities, such as real estate trading or development, are permissible if the gross value of the relevant assets does not represent more than 20% of the gross value of the SIIC's assets. The maximum capital that can be held (directly or indirectly) by a single shareholder in a SIIC is capped at 60% and a minimum dispersion of the SIIC's capital among the public upon first application to enter the regime is requested. In addition, a special 20% withholding tax, which has clearly a dissuasive purpose as it may not be credited against income tax or refunded or even allowed as deductible expense, would be due if the SIIC distributes dividends to a shareholder, other than an individual, holding 10% or more of its stated capital and which is subject to tax at a rate lower than circa 11.5% (the criteria being liability to a tax burden lower than a third of the income tax that would have been due in France under ordinary rules).

2- Exit tax resulting from the election

Election for the SIIC regime is treated as a termination of the corporate income tax regime. As a result, an electing company becomes liable for tax on all previously untaxed items and on unrealized capital gains. However, the French Tax Code provides that unrealized capital gains on assets which fall within the scope of the regime (i.e. mainly real estate properties and shares of SIIC subsidiaries) are taxed at 19%. Payment of this "exit tax" is spread over a four-year period, the first 25% installment being due on December 15 of the year in which the election was made.

3- Corporate income tax calculation on post-election Income

SIICs are exempt from corporate income tax on rental income, capital gains (derived from the disposal of eligible assets including SIIC subsidiary shares) and dividends received from the SIIC subsidiaries which have also elected for the regime, subject to the following distribution requirements:

- 85% of the net rental income and 100% of SIIC dividends before the end of the following year; and
- 50% of the net capital gains before the end of the second following year.

Subject to certain conditions and depending on the date of its conclusion, sub-leasing of assets held under a finance lease and capital gains realized on the sale of finance lease rights may also benefit from the exemption regime.

Income derived from non-eligible activities is subject to corporate income tax at the full rate of 34.43%.

4- Restructuring involving SIICs

Mergers between SIIC and their subsidiaries can be carried out under a tax free merger regime provided the absorbing company takes over the distribution duties of the absorbed company and it distributes 50% of the merger surplus before the end of the second following year.

The merger of a SIIC with another SIIC or the acquisition of 95% of its share capital by another SIIC do no trigger the tax consequences of the departure from the SIIC regime of the absorbed company (which would trigger in particular the taxation of accrued capital gains and of undistributed reserves which correspond to exempted profits).

Intragroup capital gains on real estate disposals among the SIIC group are neutralized under certain conditions. The neutralization mechanism applies to the intragroup disposal of real estate properties and financial lease rights as well, whilst it does not apply to intragroup disposal of the shares of a subsidiary.

5- Acquisition of real estate assets, shares, and finance lease rights by a SIIC

Corporate taxpayers are allowed to sell their real estate assets to a SIIC or a SIIC subsidiary (and more generally to companies subject to public offering regulations) and benefit from a reduced tax rate of 19% (plus surtax) on the capital gains realized. The benefit of this regime is subject to a commitment by the purchaser entity to hold the asset during a minimum period of 5 years. In practice, if the property is lodged in a subsidiary, this means that the asset owning company also has to remain with the SIIC regime for this period of time. The reduced tax rate can also apply to "share deals" to the extent the company of which the shares are sold elects for the SIIC regime and remains subject to the regime for the minimum 5 years time.

6- Taxation of dividends

Exempt profits when distributed by SIICs and their qualifying subsidiaries cannot benefit from withholding ta exemption under the EU parent-subsidiary directive as transposed into French law. This means that the dividends would be submitted either to the 25% French domestic withholding tax or at best to the tax treaty rates (i.e. down to 5% under certain treaties).

On the recipient's side, the treatment of dividends should also be considered.

The OPCI as an alternative form of unlisted french real estate investment fund

A new French collective real estate investment vehicle has been introduced under the name of OPCI or "Organisme de Placement Collectif en Immobilier".

The OPCI structure is regulated French vehicle and can adopt one of the following legal forms:

- a joint stock company with a variable capital or "SPPICAV" with tax and legal personality distinct from its shareholders, or
- a co-ownership or "FPI" without legal personality and which is disregarded for tax purposes.

Currently, the vast majority of OPCIs have been created in the form of SPPICAVs.

1- Establishment of a SPPICAV

The establishment of a SPPICAV is subject to a ruling to be granted by the market authority ("Autorité des Marchés Financiers"). The SPPICAV has to comply with a minimum amount of net assets of €25 million. The management of a SPPICAV is under the responsibility of a Portfolio Management Company which has to be approved by the market authority. A trustee, two real estate appraisers and a statutory auditor are also involved in the day to day operations of a SPPICAV.

In principle, retail SPPICAVs must comply with investments quotas: at least 60% of eligible real estate assets (mainly properties built or acquired in view of rental), at least five separate properties together representing 20% of the SPPICAV's assets, at least 10% of cash or cash equivalents, loans limited to 50% of assets value.

Note however that a simplified form of SPPICAV is available, with reduced functional rules (SPPICAV "RFA" or SPPICAV *à*

règles de fonctionnement allégées). These structures are limited to qualified investors (broadly, experienced professional investors) and are exempt from the indebtedness and assets requirements.

2- Taxation rules

SPPICAVs are exempt from tax in France on real estate income and capital gains subject to the same annual distribution obligations as outlined above for SIICs. Dividends distributed follow the same treatment and are subject to the same comments as made above for SIICs.

Furthermore, SPPICAVs also benefit from the same competitive advantage upon their acquisitions, subject to the same undertakings as SIICs.

The disposal of shares in a French SIIC or SPPICAV by a foreign corporate investor is subject to capital gain taxation at the standard rate in France only if the investor holds at least 10% of the share capital of the French vehicle. EU investors and residents of Norway or Iceland are subject to a reduced rate of 19%. These treatments are subject to applicable tax treaties and Luxembourg corporate sellers, for example, would be exempt under the France/Luxembourg tax treaty upon disposal of shares in a SPPICAV.

Key points to address when investing in french Real Estate

Individual investors

- Transfer costs on the acquisition
- Holding and financing structures to minimize income tax
- Holding structure to minimize exit taxes
- Holding structure to avoid/minimize wealth tax and inheritance tax
- French inheritance law to be looked at when the property is held directly.

Corporate investors

- Transfer costs on the acquisition
- Holding and financing structures to minimize corporate income tax
- Holding structure to minimize exit taxes
- Holding structure to avoid 3% annual tax

Built on a strong experience in all the real estate fields, in direct as well as indirect taxes, open to legal and financial issues, our team, specialized in real estate tax, offers the tools of decision making and middle to long term management of their tax strategy to national and international operators.

The Real Estate Tax Department of Taj, a French law firm, with its main office in Paris, prepared this document.
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