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COMMISSION STAFF WORKING DOCUMENT

Mind the Gap Report
Challenges and opportunities for tax compliance and tax expenditure in the EU
France

Country fiche: France

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **France's tax collection and recovery system has improved thanks notably to the intensification of enforcement actions and the integration of digital tools.** In terms of VAT collection, France has developed a digital transformation strategy in recent years, improving IT tools in the tax registration, assessment and collection.
- **The country has made progress in digitalising its tax administration** and has developed a digital transformation strategy. This also encompasses the advanced use of AI for tax audit and fraud detection. Nevertheless, data indicates that there is still room for improvement in France with regards to the digitalisation of tax returns. For e-filing, PIT e-filing rates are below the EU average and there is no recent data on e-filing rates for VAT returns.

Areas for Improvement

- **There is room for improving France's capacity building to estimate the size of its tax gap.** After the creation of a tax gap team in 2024 and the production for internal use of VAT gap and CIT gap estimates, France could consider developing estimates of its PIT gap.
- **Among the main causes of the policy tax gap, tax expenditures are numerous and increase the budgetary burden.** A systematic review of the cost efficiency of tax expenditures could be an avenue forward to assess to what extent they impact the complexity of the French tax system and to see which tax expenditures are efficient and effective given the current budgetary strain. VAT related tax expenditure represented around one fourth of France's total tax expenditure in 2024. A review of the pertinence of the VAT reduced rates could therefore be envisaged.
- **As regards recovery systems, France does not currently have a national tax recovery strategy but publishes a regular report on recovery activities.** While France has a specific legislation on cooperation between the administrator of insolvency proceedings and tax recovery authorities, an area for improvement would be to extend this possibility to cover information obtained by the tax authorities from other Member States.
- **France has not yet set up a formal compliance risk management strategy, to allow for the identification, assessment, and prioritisation of key compliance risks.** However, its current compliance intervention framework provides for a proportionate response to non-compliance, opportunity to voluntarily correct omissions or mistakes in tax returns and remind and encourage taxpayers to fulfil tax obligations.

1. Snapshot of Tax System: Tax Revenues and their Sources

France has the highest tax revenues as a percentage of the country's GDP in the EU, while experiencing a persistently high deficit and debt level ⁽¹⁾. In 2023, total tax revenues amounted to 43.8% of GDP, compared to the EU-27 average of 39.0%. The largest source of tax revenues was labour taxes (51.7% of tax revenues vs. EU average of 51.2%), followed by consumption taxes (24.6% of tax revenues vs. EU average of 26.9%) and capital taxes (23.6% of total revenues vs. EU average of 21.9%). Looking into specific tax types, VAT revenue was 16.6% of total tax revenues (EU average of 18.3%) and 7.3% of GDP (EU average of 7.1%). France remains under the Excessive Deficit Procedure (EDP) after recording a 5.8% government deficit in 2024 –well above the EU average of 3.1% ⁽²⁾. This led to government debt of 113% of GDP, compared to 81% at EU level at the end of 2024.

The tax-benefit system significantly contributes to reducing inequality in France. The 2024 Gini Index for equivalised disposable income (30.0%) is slightly above the EU average (29.3%) ⁽³⁾. In 2024, 20.5% were at-risk-of-poverty or social exclusion in France, broadly stable compared to 2023 (20.4%), while the EU average of 21.0% had decreased from 21.3% in 2023 ⁽⁴⁾. Labour taxation is progressive in France. The difference in the tax wedge ⁽⁵⁾ between high-income earners (167% of average wage) and low-income earners (67% of average wage) is 13.0 percentage points, which is among the largest in the EU (rank 6th). Overall, the tax and benefit system reduced income inequality (measured as the difference in Gini coefficients before and after taxes and benefits) by 10.0 percentage points in 2023, significantly above the EU average (7.7 percentage points) ⁽⁶⁾.

2. Monitoring of Compliance Gaps

2.1. Overview

France is improving its capacity to estimate the size of its tax gap. The French tax gap team was created in 2024. For its tax gap estimation practices, the tax administration uses a bottom-up approach ⁽⁷⁾ based on risk-based data. France produces and publishes a VAT gap, it plans to publish a CIT gap in 2026 but it does not estimate a PIT gap yet.

¹ Data on tax revenues are based on European Commission: [Data on Taxation Trends](#), edition 2025 (reference year 2023) The 2026 edition (reference year 2024) will be published in the first quarter of 2026. Preliminary data point to an upward revision of tax revenue data for 2023 (to 43.9% of GDP), followed by a decrease of total tax revenues to 43.5% of GDP in 2024: https://doi.org/10.2908/GOV_10A_TAXAG.

² See latest data as per the [October 2025 EDP Notification](#).

³ European Commission, Eurostat [[ilc_di12](#)]

⁴ European Commission, Eurostat [[ilc_peps01n](#)]

⁵ The tax wedge is defined as the sum of personal income taxes and employee and employer social-security contributions net of family allowances, expressed as a percentage of total labour costs (the sum of the gross wage and social-security contributions paid by the employer). Data are based on European Commission, DG ECFIN: [Tax and Benefits Database](#).

⁶ European Commission, DG EMPL calculations based on EU-SILC survey data.

⁷ https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/11/tax-administration-2024_5c4606e4/2d5fba9c-en.pdf

2.2. Monitoring VAT Compliance Gap

France performs relatively well in terms of its VAT compliance gap compared to the EU-27. The VAT compliance gap ⁽⁸⁾ amounted in 2023 to EUR 12 billion, or 6% of the VAT total tax liability (VTTL) ⁽⁹⁾, up from 5% in 2022 ⁽¹⁰⁾. France displays the third largest VAT compliance gap in absolute terms among EU countries, largely due to the size of its economy. It remains however below both the EU average of 9.5% of VAT Total Tax Liability (VTTL) and the median rate of 8.2% of VTTL, presenting the 8th lowest VAT compliance gap among EU Member States in relative terms. This indicates a relatively strong performance overall. The VAT compliance gap has fluctuated over the past 5 years. Data reveals a decreasing trend between 2019 and 2023 (more than -1 percentage point), with a fall to 4% in 2021, followed by an increase in 2022 and 2023.

France experienced an increase in the number of bankruptcies following the pandemic (up by 37% in 2023), which can have impacted the VAT compliance gap. This trend was driven by a combination of factors, including the withdrawal of COVID-19 support measures, persistent cost pressures from high energy prices and wages, and weaker consumer demand. The scale of the changes varied across sectors, with IT, accommodation, and food service activities experiencing relatively higher rates than others. This can impact recovery processes and affect VAT collection, thus exerting upward pressure on the VAT compliance gap.

The evolution of the service sector may also have influenced VAT compliance. While France saw a decrease in the share of services in GDP in 2023 (-2 percentage points), which could contribute to reduced non-compliance ⁽¹¹⁾, recreational services, restaurants, and accommodation were among the fastest-growing categories in nominal household final consumption (+8%). Demand for tourism grew as well (+2%). These factors could have contributed to the slight increase in the VAT compliance gap.

The French tax administration estimates the VAT compliance gap using a bottom-up approach. The method is based on operational audit data results (risk-based data) that are extrapolated to the entire population of taxpayers. These results were first published in September 2024 ⁽¹²⁾ and are expected to be updated on a regular basis.

In 2023, VAT losses due to Missing Trader Intra-Community (MTIC) fraud ⁽¹³⁾ were estimated at around EUR 3 billion in France (0.1% of GDP). They fluctuated since 2010, albeit with an increasing trend between 2010 and 2023 ⁽¹⁴⁾.

⁸ The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.

⁹ The VAT Total Tax Liability (VTTL) is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.

¹⁰ See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2778/7868422>.

¹¹ Services are typically harder to tax effectively compared to traditional goods.

¹² DGFIP Analyses N°7, "Le manque à gagner de TVA en France" <https://www.impots.gouv.fr/dgfip-analyses-le-manque-gagner-de-tva-en-france>

¹³ Missing Trader Intra-Community (MTIC) fraud is a form of VAT fraud that exploits VAT-free cross-border trade within the EU. Fraudsters purchase goods VAT-free from another Member State, sell them domestically, charge VAT to their customers, and disappear before paying this VAT to the tax authorities.

2.3. Personal, Corporate Income Tax Compliance Gap, and Measures of the Shadow Economy

The French tax administration plans to publish the CIT compliance gap in 2026. In September 2024, the French tax administration established a new tax gap team, comprising three statisticians and in 2025, work is underway to extend the program to Corporate Income Tax (CIT) for a first-time assessment.

European Commission estimates suggest a relatively low CIT tax compliance gap in France. Based on a methodology developed by the Joint Research Centre which relies on a top-down approach using national accounts data, the CIT compliance gap of France was at around 6.6% of collected CIT revenues in 2015, the eighth lowest figure among available Member States' estimates ⁽¹⁵⁾. Based on the same methodology, the (unweighted) average for the CIT compliance gap is 10.9% of collected CIT revenues based on available estimates for 23 Member States. The European Commission methodology also allows to disentangle the CIT gap by sector. In the case of France, the 2015 gap was particularly high in the hospitality and education sectors (around 4 times higher than the average CIT gap) and in the construction sector (3 times higher than the average CIT gap). Information and communication activities as well as manufacturing, wholesale and retail trade and professional, scientific and technical activities displayed tax gaps above the average.

The European Commission is not aware of any PIT compliance gap estimation activities in France at the time of writing of this country fiche. However, in the coming years, the new tax gap team expects to assess the PIT gap for the first time. Estimating PIT compliance gaps could also help policy makers understand the nature and magnitude of the problems related to PIT tax collection.

The size of the shadow economy in France is below the EU average. In 2022, the shadow economy in France represented 14.2% of its GDP, according to estimates by Schneider, F. and Asllani, A. for the European Parliament ⁽¹⁶⁾. This ratio is 3.4 percentage points below the EU-27 unweighted average, despite the increasing trend in recent years (10.8% of GDP in 2012). According to the report, the main drivers of the shadow economy in France are indirect taxes and the level of unemployment. These developments undermine collection of both direct and indirect taxes.

¹⁴ European Commission, CASE, Poniatowski, G., Śmietanka, A., and Skowronek, A., *VAT compliance gap due to Missing Trader IntraCommunity (MTIC) Fraud – Final Report Phase II*, Publications Office of the European Union, Luxembourg, 2024, <https://data.europa.eu/doi/10.2778/6433841>.

¹⁵ European Commission: Directorate-General for Taxation and Customs Union (2025), *The Corporate Income Tax Gap, A European approach to measuring losses in corporate tax revenues*, Publications Office of the European Union, <https://data.europa.eu/doi/10.2778/0541549>. The JRC has recently developed a novel approach to estimate the CIT gap based on National Accounts and existing data on the undeclared economy, providing approximations of the CIT gap for a majority of EU Member States. JRC's estimations are based on the exhaustiveness adjustments made to Gross Operating Surplus (GOS), Gross Value Added (GVA) and Gross Domestic Product (GDP), that national statistical offices perform to account for non-observed economy. The JRC approach does not capture CIT gaps associated with tax avoidance and (international) profit shifting, which would require other estimation methods.

¹⁶ European Parliament (2022), *Taxation of the informal economy in the EU*. [https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU\(2022\)734007_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf)

2.4. Other Compliance Gaps

There is currently no public information or evidence that France estimates other tax compliance gaps. There are no official programmes or published figures for compliance gaps related to excise duties, environmental or energy taxes, or capital taxes.

3. Monitoring of Policy Gaps

3.1. Tax Expenditure

France has comprehensive reporting on tax expenditure (TEs) ⁽¹⁷⁾. According to the authorities, significant revenues are foregone due to TEs. Foregone revenues in 2023 due to TEs amount to EUR 82.9 billion, representing 2.9% of GDP and 6.8% of total government tax revenues collected. For 2025 these are budgeted at EUR 85.1 billion (2.8% of GDP). However, estimates vary significantly by source, illustrating the difficulties to assess the actual level of tax expenditures. For example, a Senate report put tax expenditures at EUR 211 billion in 2023 ⁽¹⁸⁾.

The 2025 budget has a detailed list of TEs annexed with a lot of important contextual information like policy objective, budgetary impact and life cycle of the provision ⁽¹⁹⁾. Together with the budget, France publishes its TE report which includes, for instance, the purpose of each measure, estimated revenue foregone, total cost by category of taxes (PIT, CIT, wealth tax, VAT, excise, etc.) and whether provisions have been recently modified or suppressed by law. The governance framework provides for evaluation procedures and monitoring obligations. The Public Finance Planning Act for the years 2023 to 2027 requests that new tax expenditures should only be created for a limited period of three years and that they could only be extended for a further three years if they have been evaluated. However, extending the tax expenditure in a slightly different form can allow the Parliament to circumvent such evaluation obligation.

While the transparency related to tax expenditures in France is good, there is scope to improve the evaluation procedure. The last evaluation of all tax expenditures occurred in 2011, in accordance with the 2009-2012 planning law. It was carried out by a tax expenditures and social expenditures assessment committee, with representatives of the relevant departments of the Ministry of Finance but was not reconducted. Some tax expenditures have been individually and sporadically evaluated, as was the case for the tax credit for research in 2021 by the CNEPI ('Commission nationale d'évaluation des politiques d'innovation'). As highlighted by the Court of Auditors in its report on the implementation of the State budget in 2022, the tax expenditure evaluations announced by successive governments have rarely been carried out ⁽²⁰⁾.

The high number of tax expenditures contributes to the complexity of the French tax system and represents a substantial financial burden. The number of tax expenditures has kept on

¹⁷ [Évaluations des voies et moyens - Tome 2 - Dépenses fiscales | budget.gouv.fr](https://www.budget.gouv.fr/evaluations-voies-moyens-tome-2-depenses-fiscales)

¹⁸ <https://www.senat.fr/rap/r24-808-1/r24-808-1-syn.pdf>

¹⁹ [Évaluations des voies et moyens - Tome 2 - Dépenses fiscales | budget.gouv.fr](https://www.budget.gouv.fr/evaluations-voies-moyens-tome-2-depenses-fiscales)

²⁰ [Le budget de l'État en 2022 \(résultats et gestion\) | Cour des comptes](https://www.courdescomptes.fr/le-budget-de-l-etat-en-2022-resultats-et-gestion)

increasing since 2018 (from 457 in 2018 to 467 in 2024) ⁽²¹⁾. As highlighted in the recent 2025 article IV Consultation of the IMF ⁽²²⁾, a better monitoring of the tax expenditures would enable to generate savings and facilitate revenue forecasting. In its 2025 Country Specific Recommendations ⁽²³⁾, the Commission has urged France to “better target public support schemes that incentivise business R&D” and has highlighted that “tax expenditures are numerous and create a heavy budgetary burden” and that “past attempts have shown limited success in reducing tax complexity and the budgetary cost associated with tax expenditure”.

Corporate and Income Tax Policy Gaps

France’s corporate income tax (CIT) and personal income tax (PIT) policy gaps largely stem from generous tax expenditures (TEs), reduced rates and exemptions and special regimes. On the corporate side, in terms of foregone revenue, the biggest TEs in France in the draft law for 2025 are (i) tax credit for research (EUR 7.7 billion). Tax reduction for donations made by companies to works or organizations of general interest (EUR 1.7 billion) and (iii) special taxation arrangements for shipping companies (EUR 1.4 billion). To these costs, should also be added the reductions of social security contributions which are estimated at EUR 75 billion in 2023 ⁽²⁴⁾. The statutory CIT rate is 25% in France with a reduced rate of 15% for SMEs on the first EUR 42 500 of profits.

On the personal income tax side, TEs are particularly numerous and amount to over EUR 42 billion. The biggest TEs are (i) tax credit for the employment of a home-based employee (EUR 6.9 billion), (ii) deduction on the amount of pensions (including alimony) and retirement benefits (EUR 5.0 billion) and (iii) exemption of sums paid under profit-sharing for employee and company collective or mandatory retirement savings plans (EUR 2.8 billion). The PIT in France is progressive and based on a threshold, which begins in 2024 for the first tax bracket at EUR 11 295 of yearly income for a single person (the double for a couple). There is a total of 4 tax brackets from 11% to 45%, the last bracket for yearly income over EUR 177 106. The system includes reduction for families with children. This progressivity combined with the tax expenditures mentioned above leads to around 50% of the households being non-taxable under PIT.

3.2. VAT Policy Gap

France has the 6th largest VAT policy gap among EU countries, above the EU average of 50.5%. The VAT policy gap ⁽²⁵⁾ in France was estimated at EUR 240 billion in 2023, or 53% of the notional ideal

²¹ [Analyse de l’exécution budgétaire 2024-Dépenses fiscales- Cour des Comptes](#), April 2025.

²² IMF Country Report n°25/179, [FRANCE 2025 Article IV Consultation](#), July 2025.

²³ <https://data.consilium.europa.eu/doc/document/ST-10970-2025-INIT/en/pdf>

²⁴ [Transparence et évaluation des aides publiques aux entreprises : une attente démocratique, un gage d'efficacité économique](#), Commission inquiry Report n° 808 (2024-2025) French Senate, July 2025

²⁵ The VAT policy gap refers to the revenue lost due to the application of VAT exemptions and reduced, super-reduced, and zero VAT rates on selected products.

revenue ⁽²⁶⁾. The VAT policy gap in France remained relatively stable between 2019 and 2023. The overall structure of the gap also remained relatively stable ⁽²⁷⁾.

The VAT exemption gap ⁽²⁸⁾ was higher in France compared to the EU estimate in 2023. It amounted to 41% of the notional ideal revenue (EUR 190 billion), while for the EU-27 overall it was 38%. It has remained stable compared to 2022, as well as when looking at a longer time horizon since 2019, with only small positive and negative variations from one year to the next.

The national policy-driven VAT exemption gap ⁽²⁹⁾ of EUR 48 billion, was estimated in 2023 at 10% of the notional ideal revenue, while the overall EU estimate was 11%. This represents a small increase compared to 2022 (ca. +0.5 percentage points) as well as since 2019 (ca. +0.5 percentage points).

The VAT rate gap ⁽³⁰⁾ was estimated at EUR 56 billion, or 12% of the notional ideal revenue in 2023, in line with the EU-27 overall estimate of 12%. It has remained stable since 2019. The VAT rate matrix remained broadly unchanged, with no significant rebates or temporary adjustments introduced during the pandemic or the inflation crisis. In its 2025 Country Specific Recommendations, the Commission highlighted the importance of reviewing the effectiveness of tax expenditures in France. VAT reduced rates on renovation works, on restaurant and catering, and in certain overseas regions are among the 15 largest fiscal expenditures in budgetary terms in 2024 ⁽³¹⁾.

4. Tax Collection and Recovery Systems

4.1. VAT Collection

France performs relatively well in terms of VAT collection ⁽³²⁾. As discussed in section 2, the VAT compliance gap in France is below the EU average. The VAT compliance gap, which reflects the efficiency of tax collection, can be assessed through various criteria:

France has developed a digital transformation strategy in recent years, improving IT tools in the tax registration, assessment and collection. The tax administration informs taxpayers online about

²⁶ The notional ideal revenue is the benchmark VAT revenue that assumes perfect taxpayer compliance in a situation where the current standard VAT rate is applied to all final consumption and household, government, and NPISH investment.

²⁷ See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2778/7868422>.

²⁸ The VAT exemption gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of VAT exemptions on selected products.

²⁹ The national policy-driven VAT exemption gap represents the part of the VAT policy gap that can in principle be influenced by national policies on exemptions. In practice, it consists of revenue forgone from services falling under Article 137 (such as real estate and certain financial services), from the SME scheme, and from national exemptions applied under standstill clauses or derogations.

³⁰ The VAT rate gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of reduced, super-reduced, and zero VAT rates on selected products.

³¹ [Analyse de l'exécution budgétaire 2024-Dépenses fiscales, Cour des Comptes](#), April 2025.

³² Commission's Ninth Report on VAT Administration, [EUR-Lex - 52022DC0137 - EN - EUR-Lex](#) / 2025 VAT Collection Survey

their VAT-related obligations and provide for online registration. It has also improved the accuracy of the (M)OSS database and audit activity on (M)OSS-registered businesses. Corrective measures were implemented to improve data entry controls. However, despite the Commission's advice in the Ninth Report on VAT Administration ⁽³³⁾, France did not introduce all the recommended best practices regarding the registration, deregistration and identification of taxpayers such as keeping a register of e-commerce taxpayers and integrating a risk assessment procedure in the registration process.

France also uses automatic exchange of information and cross checks of VAT registration information between tax administrations and other national bodies in charge of business registration, as a way to ensure the completeness and the accuracy of VAT databases. While the database includes most of the relevant information on taxpayers, efficiency gains could be achieved by integrating additional fields at the time of registration, such as the taxpayer segment and the identify of associated entities. Before VAT registration, France performs preliminary checks based on risk indicators. France also keeps a record of applicants to whom registration has not been granted and uses several tools to detect taxpayers who fail to register and the economic sectors with a significant number of unregistered businesses. France also systematically checks VIES registration numbers in EU Member States and removes the VIES identification number from the VIES system in case of fraud.

VAT e-filing is compulsory, contributing to higher quality and lower compliance burden. Filing of VAT declarations remains a principal means for establishing a taxpayer's VAT liability. While compliance with filing deadlines is monitored automatically, France could make use of risk criteria or profiling techniques for achieving on-time VAT filing. Various actions are in place to enforce the timely submission of VAT declarations.

France did not introduce new measures regarding payment and collection in relation to the Commission reports recommendations, such as further implementing best practices with refund procedures. However, the conditions for accreditation of tax representatives for VAT purposes have been tightened by the Finance Act for 2022.

When it comes to managing compliance, France is developing a compliance improvement plan, which could however be better integrated into the planning of the tax administration. Key compliance data is shared with senior management through regular reports, for informed decisions. France performs well with regards to the collection of VAT debt, notably thanks to a flexible and effective IT subsystem. It is worth underlining that a tax force regularly gathers all the partners of the French tax administration (justice, police, customs and financial intelligence units) together with the tax audit teams to cooperate in the field of VAT audit.

4.2. Tax Recovery

France does not currently have a national tax recovery strategy but publishes a regular report on recovery activities. Due to an increasing number of recovery requests every year, organisational

³³ Commission's Ninth Report on VAT registration, collection and control procedures following Article 12 of Council Regulation (EEC, EURATOM) No 1553/89, [EUR-Lex - 52022DC0137 - EN - EUR-Lex](#). / Answers to the survey sent to the Member States in June 2025 in view of the Tenth Report on the same subject matter.

simplifications have been put in place; notably, the CROISIAIR IT application has been upgraded to automate tasks. To streamline collection procedures, France applies the same rules and practices for recovery of all type of taxes levied at national level within the competence of the same authority. France has a specific legislation on cooperation between the administrator of insolvency proceedings and tax recovery authorities. An area for improvement would be to extend this possibility to cover information obtained by the tax authorities from other Member States.

France has a practice of writing off tax claims. Concerning VAT, partial or total tax relief follows in case of rectification of the amount (incorrect tax amount) or partial or total cancellation of penalties and ancillary taxes. In case of recovery of a contested claim, it typically takes between one week and one month to obtain a court order. For CIT and VAT, France does not have an overall collection rate. Nevertheless, they use indicators to assess spontaneous collection and the rate of enforced collection. For out-of-court collection, the administration has the spontaneous collection rate calculated on the basis of the portion paid by electronic payment ⁽³⁴⁾.

Tax arrears slightly increased over the period of 2018 to 2023 to 8.8% of total net revenue. They increased in 2023 compared to 2022 (1 percentage point), they remained significantly below the unweighted EU-27 average (30.7%). The closing stock of arrears at year-end the French administration considered as still collectible is around 66.4%, which is a steep increase compared to previous years (36% in 2021) ⁽³⁵⁾.

France has set an objective for debt recovery of 20% for the period 2022-2027. This objective was largely already met, at the end of 2024, as the volume of receipts made at during this year was EUR 1 468.5 million, i.e. an increase of around 28 % since 2022 ⁽³⁶⁾. This performance can notably be explained by the intensification of enforcement actions. Insolvency and lack of accessible assets have been identified as major obstacles in mutual recovery processes.

In France on-time payment rates were high during the period of 2018 to 2023. On-time payment rate stood at 94.1% for PIT and 92.9% for VAT in 2023 ⁽³⁷⁾. While France has experienced a decline in performance for on-time payment of VAT from 2018 to 2023 (from 96.5% to 92.9%), on-time payment for PIT increased, from 93.8% to 94.1%.

4.3. Use of Directive on Administrative Cooperation (DAC) ⁽³⁸⁾ Instruments and Data ⁽³⁹⁾

France has a thorough use of DAC1 and DAC2 data for assessing taxation on individuals. DAC1 ⁽⁴⁰⁾ (categories of income) ⁽⁴¹⁾ and DAC2 ⁽⁴²⁾ (financial accounts) data is currently used for awareness

³⁴ These data are taken from the DGFIP's "2024 statistics booklet.

³⁵ Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: "Closing stock of arrears at year end as percentage of total revenue collected." and "Closing stock of collectable arrears as percentage of closing stock of arrears", <http://isoradata.org>

³⁶ Finances Publiques, Rapport d'activité 2024, [ra_2024.pdf](#)

³⁷ Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: VAT/PIT/CIT "payments received on-time as a percent of payments due", <http://isoradata.org>

³⁸ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC, as subsequently amended.

³⁹ Source: Yearly Assessment 2025; EU AIAC Statistics 2024 – Subject to confidentiality clause on DAC art. 23a.

campaigns, voluntary compliance programs, notification to generate disclosure, internal risk assessment ⁽⁴³⁾, audits, and prefilling tax returns for most of the categories of income concerned. Data is used in the field of personal income tax, inheritance or wealth tax and properties taxes, and compulsory social security contributions. Increase in tax base assessed and tax assessed is well documented and particularly substantial with regard to information on financial accounts.

Data matching rates concerning individuals, which are relevant to measure the efficiency of the use of data ⁽⁴⁴⁾ are above the EU average. For the year 2024, the average matching rate measuring success in identifying taxpayers using DAC data is 85% for DAC1 ⁽⁴⁵⁾, and 91% for DAC2, while the EU-average is at 84% and 87% respectively.

France makes comprehensive use of DAC3 ⁽⁴⁶⁾ (rulings). It also applies automatic and manual identification to make the information available for risk analysis and tax audits, which fits with the objectives of DAC3. In this regard, the accuracy of data contained in the rulings is assessed, as well as the potentially harmful tax consequences of the arrangements reported.

DAC4 ⁽⁴⁷⁾ (country-by-country report) data is used for risk-analysis purposes in the field of corporate income taxation. The scope of the use of DAC4 reports is broad: economic and statistical analysis; enquiries into the MNE Group's transfer-pricing arrangements or into other tax matters in the course of a tax audit; audits limited to specific categories of transactions (e.g. transfer pricing). The percentage of DAC4 reports which have been successfully matched with data sent by other Member States is 85%, below the EU average (96%).

Similarly, France has increased the use of DAC6 ⁽⁴⁸⁾ data. France routinely matched the whole data set available for identifying the relevant taxpayers, leading to a matching rate of 83%. DAC6 data is mainly used for risk assessment (including assessing high-level risk of tax-harmfulness of

⁴⁰ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC.

⁴¹ Income from employment, Director's fees, Pensions, Life insurance products, Immovable properties

⁴² Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

⁴³ Risk assessment: tax risk assessment is a key element of modern tax administration. It allows tax authorities to identify indicators that suggest specific taxpayers or arrangements may pose an increased risk to their jurisdiction and require further actions in terms of compliance. In general, EU tax authorities use automated methods based on domestic data and information received from other jurisdictions. Yet, a manual element may remain, as (i) tax authorities vary in terms of whether tax risk assessment is conducted centrally by a specialist risk assessment team incorporating input from the compliance function, or locally by the compliance team (or tax inspector); (ii) some data types remain challenging to be automatically processed, e.g. literal summaries.

⁴⁴ The matching rate indicates to what extent a Member State has been able to identify their taxpayers in their national tax databases with information received from other Member States under the DAC. Such matching is necessary to ensure that the data can be used for tax compliance purposes. The matching rates mentioned in this report are based on the metrics approved by the tax authorities in the TADEUS meeting of December 2024.

⁴⁵ Average rate for Income from employment, Director's fees, Pensions, Immovable properties.

⁴⁶ Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁴⁷ Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁴⁸ Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

arrangements reported); notification to generate disclosure (within tax return or not); general audit and audit limited to specific categories of transactions (e.g. transfer pricing).

France makes intensive use of advanced instruments provided for in DAC to enable closer cooperation between Member States on specific cases, such as simultaneous or joint audits. Even with a limited number of cases, the synergies between participating Member States derived from these coordinated activities usually lead to increase tax assessed and reduce the tax gap. Looking at the past three years, France was involved in 33 cases of administrative cooperation related to simultaneous controls and administrative enquiries. Among those cases, 11 were initiated by France and 22 were initiated by other Member States.

In conclusion, France uses the data obtained from the automatic exchange of information in coherence with the objectives of the DAC. It is particularly advanced in processing and systematically using data related to financial accounts of individuals, with a view to identifying critical situations that could affect its tax base. France also makes appropriate use of advanced cooperation tools. As regards the impact on company taxation, the progresses in terms of taxpayer's identification and implementation of DAC4 and DAC6 reports in analysis tools should increase the overall outcome of the use of data.

5. Digitalisation and Compliance

5.1. Digital Transformation, Skills, and Culture

France developed a digital transformation strategy, relying on identifying future skills required for a successful digital transformation, for parts of the tax administration, and on building a digital culture within the administration ⁽⁴⁹⁾. The tax administration is developing a digital blueprint to draw a clear vision on principles, security of the infrastructure, data control and the integration of artificial intelligence in its missions ⁽⁵⁰⁾.

As all the other EU countries, the French tax administration requires individuals and businesses to use an approved digital identity to access secure digital service ⁽⁵¹⁾. For example, it helps increase the accuracy of taxpayer identification, thereby reducing the potential of identity fraud, duplication of records and administrative errors.

As part of their reform efforts to modernise public administrations, France launched in December 2019 the 'tell us once' portal ('Dites le Nous Une fois') to support public actors (state services or local authorities) in accelerating the flow of data between administrations. Furthermore, the law of February 21, 2022, regarding differentiation, decentralization, deconcentration, and containing various measures to simplify local public action, has amended the code of relations between the public

⁴⁹ OECD Inventory of Tax Technology Initiatives 2024. <https://data-explorer.oecd.org/> Notes: (1) Data is self-reported by tax administrations and therefore not 100 % objective or comparable.

⁵⁰ French [Public Finances – Activity Report 2024](#) (in French).

⁵¹ OECD Inventory of Tax Technology Initiatives 2024. <https://data-explorer.oecd.org/>, Note that data is self-reported by tax administrations and therefore not 100 % objective or comparable.

and the administration to accelerate the sharing of data between administrations for the benefit of the citizens.

5.2. Front-end Digitalisation

5.2.1 Pre-filling

In line with most EU Member States ⁽⁵²⁾ in 2022, France did provide prefilling facilities for personal income tax (PIT) returns. This should contribute to reducing the burden of tax compliance and providing greater tax certainty for individual taxpayers and the tax administration.

Pre-filling of VAT returns in France is however still subject to development. France was one of the 19 Member States that did not pre-fill VAT returns, indicating an increased burden of VAT compliance for taxpayers. However, France is planning the entry into force of new e-invoicing and e-reporting rules for VAT purposes. While it was originally scheduled for 1 July 2024 for large enterprises, the new timetable maintains a joint entry into force of the e-invoicing obligation and the e-reporting obligation from 1 September 2026 for large companies and medium sized companies and from 1 September 2027 for small and medium-sized entities (SMEs) and micro-enterprises. In parallel, it is important to take into account that “VAT in the Digital age” (ViDA) ⁽⁵³⁾ was adopted in March 2025 and will be rolled out progressively until 2035. This initiative will lead to the introduction of digital reporting and e-invoicing across the EU, thereby providing the conditions to introduce pre-filled VAT returns.

France does not offer any kind of pre-filling for CIT returns.

5.2.2 E-filing

E-filing is the filing of tax returns in a digital manner. France has e-filing rates for CIT returns close to the EU average. In 2023, France reported an e-filing rate of 96% for CIT, slightly below the EU average of 97.1% ⁽⁵⁴⁾. This indicates that not all the company files their taxes electronically.

The e-filing rates for PIT returns (86.8% in 2023) are below the EU average (87.1%). It has however increase since 2018 (60.7%) ⁽⁵⁵⁾ showing that France is catching up with other EU countries. The fact that a growing number of individuals file their taxes electronically likely indicates that the e-filing facility is improving over time.

Lastly, recent data for France e-filing rates for VAT returns is not available. The latest available data is from 2019, when 97.8% of VAT returns were perceived electronically. For the sake of comparison, the EU average stood at 99.2% in 2023.

The data indicates that there is still room for improvement in France with regards to the digitalisation of tax returns. It may lead to lower compliance burden for French taxpayers. It is also beneficial to the tax administration, as e-filing reduces manual work and administrative costs, frees up

⁵² OECD Inventory of Tax Technology Initiatives 2024 ([OECD Data Explorer • Inventory of Tax Technology Initiatives](#)).

⁵³ [VAT in the Digital Age - European Commission \(europa.eu\)](#)

⁵⁴ International Survey on Revenue Administration data.
https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB

⁵⁵ Ibid.

resources to allocate to other functions and allows for quicker or automatic detection of potential fraud or tax evasion. Despite it, according to a recent Eurobarometer survey, 70% of citizens in France find it very easy or fairly easy to complete their tax return, placing them 4th among EU Member States (⁵⁶).

5.2.3 Provision of other online Services

French tax administration has developed a variety of additional online tools and services to ease compliance for taxpayers. Tax calculators, possibility to request deadline extension and ask for tax payment arrangements, secured communication services through messaging. Taxpayers can file tax related objections, update data files onto the tax administration system and access a tax portal with all their tax information on all major taxes. All these services help taxpayers to be compliant and increase the efficiency of the tax administration (⁵⁷). According to a recent Eurobarometer survey, 47% of citizens in France believe that support for filing tax returns provided by the tax administration is either fully adequate or mostly adequate, placing them 12th among EU Member States (⁵⁸).

5.3. Back-end Digitalisation

5.3.1 Use of Artificial Intelligence by the Tax Administration

France has implemented and is using innovative technologies-Artificial intelligence (AI), including machine learning. Along with 7 other Member States, France had such systems in place already in 2018 (⁵⁹), indicating that it has been among the precursors on that matter.

The French tax administration makes use of artificial intelligence for the programming of tax audits for both individuals and undertakings. In 2024, artificial intelligence participated in the targeting of 56% of tax audits of professionals (⁶⁰). The French tax administration also uses AI and advanced mathematical techniques as a tool in the fight against tax fraud. In practice, it entails analysing data from personal and companies' tax returns and then developing models allowing to target declarations identified as risky, explaining why they are identified as risk in comparison with the rest of the database. In France, the AI fraud detection system currently triggers around 50 % of all tax audits, however, human resources are still required to control the results considering the objectives. These checks have led to the recovery of significant amounts.

⁵⁶ European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

⁵⁷ Idem [7. Taxpayer service - ISORA](#) - tabs "Online services 1" and "Online services 2".

⁵⁸ European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

⁵⁹ 13. Stakeholder interactions: Compliance and innovation - ISORA – tab "innovative technologies 1".

⁶⁰ French [Public Finances – Activity Report 2024](#) (in French)

5.4. Compliance Risk Management

5.4.1 Compliance Risk Management Strategy

France has no formal compliance risk management strategy in place; however, it has a **compliance intervention framework** ⁽⁶¹⁾. This framework provides for a proportionate response to non-compliance, opportunity to voluntarily correct omissions or mistakes in tax returns and remind and encourage taxpayers to fulfil tax obligations.

5.4.2 Audit Types

The French tax administration performs **desk audits, limited scope audits, single issue audits, comprehensive audits and avoidance and evasion investigations**. The large variety of intervention processes indicates the administration's capacity to target all aspects of potential non-compliance, however there is no intervention after tax returns are filled by taxpayers but before formal audit action ⁽⁶²⁾.

5.4.3 Staff dedicated to Audit, Investigation and Other Verification Functions

In France, the percentage of full-time equivalents (FTEs) assigned to audit, investigation and other verification functions was 24.5% in 2018 and 26.4% in 2023, below the EU average (32.1% in 2018 and 32.2% in 2023) ⁽⁶³⁾. Although this figure is not a concrete indicator of the strategy of the tax administration, it indicates that France has a moderate approach to audits with a quarter of its staff allocated to the function. This figure has remained broadly stable between 2018 and 2023.

5.4.4 Additional Revenue from Audits as a Share of Total Revenue

Additional revenues from audits as a percentage of total net revenue can be used to determine the value placed on audits in a tax administration. In France, the additional revenues raised from audits is declined from 2.66% of total net revenue in 2018 to 2.38% of total net revenue in 2023, below the EU average for 2018 and above for 2023 (respectively 2.77% and 1.6%) ⁽⁶⁴⁾. This decrease from 2018 to 2023 is in line with the general trend in the EU in the same period, although to a lesser extent.

5.5. Tax Complexity

France ranks 15th out of the 27 Member States in the Tax Complexity Index ('TCI') ⁽⁶⁵⁾, where a higher rank corresponds to lower tax complexity. The TCI is based on the Global MNC Tax Complexity Project, a joint research project of Deborah Schanz (LMU Munich) and Caren Sureth-Sloane (Paderborn University). The TCI 2024 places France 13th among the Member States with respect to Tax

⁶¹ [ISORA database](#).

⁶² <https://data.rafit.org/regular.aspx?key=74180916> – tab "Post filing enforcement actions".

⁶³ Own elaboration based on ISORA Database

⁶⁴ Ibid.

⁶⁵ See: <https://www.taxcomplexity.org/> The aim of the Global MNC Tax Complexity Project is to identify the determinants of tax complexity, to develop and maintain an index measuring the level of tax complexity across countries [Tax Complexity Index, TCI] and to examine the effects of tax complexity. The Tax Complexity Index measures the complexity of a country's corporate income tax system as faced by multinational corporations. The closer a country is to the first position of the ranking, the lower level of complexity it exhibits, and vice versa.

Framework Complexity, and 17th with regards to Tax Code Complexity. This may indicate that whereas the tax processes carried out by the tax authorities are somewhat efficient (the best performance is in the area of payment and filing, according to the authors), there is larger room for improving the structure of the tax regulations (particularly in the area of group treatment, according to the authors).