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Nice, October 2, 2017

The gains from the equity investment and other shares held on long term should not be included in the added value of the venture capital company or society of capital-investment

For the application of the article 1647 E of the General Taxation Code of France (CGI) which had as an aim took into account a contributive capacity of the company according to their activity, the venture capital companies as the societies of capital-investment were subjected to the calculation mode of the added value provided by the 3 of II of the article 1647 B of the same code.

This provisions which fixed the limitative list of the categories of the accountable elements which should be taken into consideration while calculation of added value including into production “products of bank exploitation and secondary products”. Or, those products did not include in conformity with the regulations of the comity of the bank regulations the added value for the equity investment and other shares held on the long term.

Also, since the Equity securities held for investment portfolios are intended to stay permanently on the balance of the enterprise and thus don’t have a purpose to be given upon the short term, they should be considered as equal to the category of the shares held on the long term. As a result, the added value on the equity investment and other shares held on the long term are not among the elements that should be included to the added value of the venture capital company (1re esp.) as well as societies of capital-investment (2e esp.) and thus which should not be took into account to appreciate if the turnover of the company exceed the threshold to charge the minimal contribution of the professional tax provided by the article 1647 E of the CGI.

CE, 8e et 3e ch., 27 mars 2017, no 394693, min.c/Sté Finorpa SCR (1re esp.) concl. B. Bohnert