

## FRANCE GENERAL INCOME TAX CODE

**Article 261** – The following shall be exempt from the value added tax:

(7) Organizations of general utility:

I. (a) Services of social, educational, cultural or athletic nature rendered to their members by legally constituted non-profit organizations whose management is disinterested.

Likewise, the sales granted to their members by these organizations, up to 10% of their receipts, shall be exempt.

However the following shall become subject to the value added tax, subject to the provisions of letter b:

- transactions of lodging facilities and of restaurants;
- operation of bars and buffets.

These provisions are also applicable to the unions of associations which respond to the above conditions, in their dealing with the members of the associations who make up part of those unions;

(b) Transactions made to the benefit of all persons of non-profit works that are of a social or philanthropic nature and whose management is disinterested, where the prices have been confirmed by the public authority or that of similar operations are not easily carried out at comparable prices by commercial enterprises, by reason, particularly, of the disinterested cooperation of the members of those organizations or of public and private contributions from which they benefit;

(c) Receipts of six manifestations of good faith or of support organized in the year to their exclusive profit by the organization designed in letters a and b, as well as by the payment organizations of social nature of the local collectives and of enterprises;

(d) The disinterested nature of the management shall result from the meeting of the conditions listed hereafter:

- the organization must be managed and administered benevolently by persons not having themselves, or through persons interposed, any direct or indirect interest in the result of the operation;
- the organization must not proceed to any direct or indirect distribution of profit, under any form whatsoever;
- the members of the organization and their relatives must not be declared as recipients of any part of the assets, subject to the right of refund of contributions.