

## Enactment of legislation concerning tax on financial transactions and new rate for registration duties

On 14 March 2012, France enacted the Amended Finance Act for 2012, which creates a new tax on financial transactions and modifies the current regime of registration duties (*droits d'enregistrement*) on the sale of equity securities evidenced through a written deed of transfer (*acte*). Effective 1 August 2012, the financial transactions tax will, subject to certain exceptions, apply at a rate of 0.1% to the acquisition of shares of French companies (i.e. those with a head office in France) listed on a regulated market (either French or foreign) and whose market capitalization is greater than €1 billion on January 1st of the year in question. Registration duties on the sale of equity securities will apply at the same rate of 0.1%. There is no cap on either the financial transaction tax or the registration duties.

Our legal updates dated [30 January 2012](#) and [17 February 2012](#) discuss in greater detail the registration duties applicable to equity transactions and in particular their impact on block trades. The increased duties discussed in those updates have been

applicable since 1 January 2012 and will continue to apply through 31 July 2012 at the following progressive scale:

- 3% taxation for the portion of the price below €200,000;
- 0.5% taxation for the portion of the price between €200,000 and €500,000,000;
- 0.25% taxation for the portion of the price that exceeds €500,000,000

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