Finance and Administrative Processes

Finance matters and update on Internal Taxation certificate change

03.12.2019
Finance matters

• Publication of the new «Conditions applicable to the opening and use of Third-Party Accounts»
• Clarifies rules, definitions and nature of the service provided
• A Team Third-Party Account can be either:
  • A Collaboration Account;
  • A Visiting Research Team Account
• Is publicly available through the admin. e-guide
• All TAM informed by e-mail

Finance matters

- As of 01.01.2020, entry into force of the new limits for subsistence processed through a Third-Party Account on behalf of a Collaboration or Institution, announced in 2017
- Publication of new memo that clarifies the implementation
  - Max. 5 163 CHF/month (2019 price)
  - Max. 8 years, starting to count on 01.01.2020
- The revised maximum amount will be known later this month, as usual (CVI to be approved by FC)
- Communication through EP, official news, admin. e-guide, ACCU, GTPA, etc…

Reminder:

- As of 2019, the Internal Taxation certificate for occasional (i.e. non-statutory) subsistence allowance processed through Third-Party Accounts has stopped
- The last certificates were issued on February 2019, for the year 2018
- The taxable amount on the certificate was 0, whether the User received a subsistence or not
- The SRR stipulates that CERN shall levy an internal tax on the financial and family benefits paid by CERN (not by Third-Parties)
- Occasional (i.e. non-statutory) subsistence processed by CERN on behalf of a Third-Party are not subject to internal taxation
Reminder:

- 83% of the Users do not receive any subsistence allowance
- The Users have expressed the need for receiving a statement of subsistence allowance, even at 0, in French and English
- As Host Laboratory, CERN has published guidelines to help MPs in filling their tax declaration in France and Switzerland
- Concerns about how the subsistence will be considered by the tax authorities
Internal Taxation certificate change – Update

• Impact on tax declaration
  • Switzerland: Guidelines are unchanged
  • France:
    • The nature of the payment does not change (for USERS, a subsistence allowance)
    • Taxation depends on the national legislation of each country, based on the individuals’ declaration(s)
  • Depending on the situation 1, 2 or 3 boxes to fill on the tax declaration
    • “Salaires de source étrangère avec crédit d’impôt égal à l’impôt français”
    • “Autres salaires imposables de source étrangère”
    • “Frais reels”
• France:
  • Only concerns Users who must fill a tax declaration according to French law
  • France asks to declare all revenues in the same category "Traitements, salaires, pensions, rentes"
  • Revenues already taxed in another country => "Crédit d’impôt"
  • Revenues not taxed in another country => "Autres salaires de source étrangère"
  • The situation of the Users entitle them to declare their costs for coming/living in the region as professional expenses ("frais professionnels", "frais de déplacement", "double résidence", etc.)
  • These costs are deducted from the "salaires imposables" => "Frais réels"
Internal Taxation certificate change – Update

• Is the subsistence allowance a taxable income in France?
  • Yes if:
    • The User must fill a tax declaration as per French law
    AND
    • The subsistence allowance is not a taxable income in «origin» country

• Does «taxable» mean systematically taxed?
  • No.

• Income tax may be due if:
  • The taxable income, after deduction of the professional costs, divided by the number of shares ("parts"), is higher then the threshold (today, 9 964€ for 2018)

  • [https://www.service-public.fr/particuliers/vosdroits/F1419](https://www.service-public.fr/particuliers/vosdroits/F1419)
“Will I pay taxes?”

CERN cannot answer this question, however:

- Out of 12,675 Users
  - 2,215 (17%) have received a subsistence allowance in 2019
  - 880 (7%) have received more than 12,200 CHF, i.e. reach the threshold
  - 220 (1.7%) have a home address in France

Not considering:
- The family situation
- The individual’s tax situation

Not counting:
- The possibility to deduct professional costs (including rent, electricity, etc.)
- Any other deduction permitted by French law

12,455 Users
Not concerned

11,795 Users
Not concerned

12,455 Users
Not concerned

220
Internal Taxation certificate change – Next steps

• The admin. e-guide and FAQ are currently being updated.
• The statements on subsistence allowance will be ready for February 2020 as foreseen.
• CERN is still in contact with Switzerland to set public sessions; good progress made recently.
• CERN has agreed with the SIP Bellegarde for regular public sessions and private meetings on appointment at CERN in 2020; 1st sessions expected during Spring.
• Regular updates at the ACCU.