



## PORTRAIT OF A TERRITORY

# Upper Rhine

(France - Germany - Switzerland)

## COMPARISON OF FRAMEWORK CONDITIONS

There is a noticeable difference in framework conditions between France and Germany in the Upper Rhine region, mainly in terms of business taxes. Employers' contributions are roughly twice as high on the French side of the border and are generally considered by entrepreneurs in Baden to be a barrier to setting up in Alsace.<sup>27</sup> Corporation tax stands at 33% in France, compared with 15% in Germany since 2008, following

a series of measures to substantially reduce and simplify the rate of tax and social security contributions initiated in 2000. However, these differences with the situation in France need to be put in perspective since the German Gewerbesteuer, a tax on industrial and commercial activities, which stands at close to 15%, is payable in addition to corporation tax. Even if it remains four percentage points higher in France, the actual level of taxation of company profits is thus relatively similar in the two countries. As for wage costs, these remain comparable on both sides of the Rhine.<sup>28</sup> On the other hand, differences are much more marked in comparison with Switzerland.<sup>29</sup>

<sup>27</sup> Source: Study by Ernst & Young, *Dynamique entrepreneuriale dans le Rhin Supérieur (Entrepreneurial dynamics in the Upper Rhine region)*, November 2012.

<sup>28</sup> Source: Report by France's Court of Auditors, *Les prélèvements fiscaux et sociaux en France et en Allemagne (Taxes and social security contributions in France and Germany)*, March 2011.

<sup>29</sup> See Portrait of a territory – France-Switzerland.