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## Major French owners face hefty tax bill as Paris aims to right fiscal ship

[Sam Chambers](#)

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Facing a large hole in its coffers, the French government has targeted cash-rich shipowners in its latest budget plans.

Operating income of shipping companies that elect to use the country's tonnage tax system and whose annual turnover is EUR500m (\$546m) or more per year will be hit a 9% tax next year followed by a 5.5% tax the following year.

Ramon Fernandez, the chief financial officer of CMA CGM, France's top containerline, told *Les Echos* newspaper the temporary tax would set his company back by around EUR800m over two years. The levy represented a "competitive disadvantage" for CMA CGM, Fernandez argued.

French shipowners have been forced to defend the country's tonnage tax system repeatedly in recent months with it becoming a talking point at this year's parliamentary elections. The tax system has been in place since 2003.

France's newly-installed government's first budget contains EUR60bn in total tax hikes and spending cuts in a bid to cut its 6.1% deficit to 5% of gross domestic product by next year.

Parliamentary discussions on next year's budget will start next week and are expected to be finalised by the end of the year with a vote and enactment.