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Note d'information
Newsletter

Non-Résidents

IN THIS EDITION

The tax consequences in France of Brexit for British residents : selling real estate in France will cost more.

An increase in social security contributions

When a British resident sells a property located in France, the capital gain is taken into account for income tax (at a rate of 19%) and social security contributions (at a rate of 17.2%). However, since January 1, 2019, individuals who are covered by the social security system of another EEA member state or Switzerland are exempt from CSG and CRDS on income from assets and investment products and are only liable for the solidarity levy at the rate of 7.5% instead of 17.2%.

UK residents were concerned by this measure. In the absence of ratification of the General Exit Agreement by the United Kingdom, they will be subject to all social security levies at the rate of 17.2% as of January 1, 2021.

As of January, UK residents will no longer benefit from the exemption from the general social security contribution (CSG) and the contribution for the repayment of social debt (CRDS) based on income from assets and investment income, as the United Kingdom will no longer be subject to the provisions of European Regulation (EC) No. 883/2004 on the coordination of social security systems. As a result, income from assets will be subject to social security contributions at an overall rate of 17.2%.

Obligation to appoint an accredited representative.

As of January 1, 2021, the French tax authorities have just confirmed that the United Kingdom will become a third country. As a result, its residents will have to appoint a tax representative for their capital gains on real estate and securities (unless an exemption is granted).

To ensure tax representation, the representative will charge a fee to the seller based on the sale price and the complexity of the property capital gain.

It is mandatory to appoint a tax representative in the following situations.

- As soon as the selling price is higher than 150.000 €. This threshold is assessed by joint owner or globally in case of married or pacsed couple.

- As soon as the property has been owned for less than 30 years.

French tax residency

There is a lot of divergent information circulating on the criteria for tax domicile in France. The criterion of 6 months (183 days) minimum presence in France is often misused.

Under French law, you are tax domiciled in France if your household is in France. According to the tax authorities, an individual's home is his or her habitual and permanent place of residence. It examines first and foremost the center of family interests.
In other words, if your spouse or civil union partner and children remain in France, even if you have to stay in another country temporarily or for most of the year due to professional needs, the tax authorities will consider that your tax home is located in France.

What are the steps to take ?

If you are unable to determine a household, the tax domicile is defined by your main place of residence. This is the place where the person has stayed the longest.

Thus, if a person has stayed in France for more than 183 days during the same year, he or she automatically has his or her tax domicile in France. Moreover, if the duration of the stay in France, even if it is less than 183 days, is longer than the duration of the stay abroad, the tax authorities will consider that the criterion of tax domicile is met.
In the absence of being able to determine a home or main place of residence in France, the tax authorities examine the professional criteria. It will consider that you are domiciled in France for tax purposes if you carry out a professional activity in France, whether salaried or not, unless it is incidental;

Otherwise, if you have the center of your economic interests in France (your main investments, the headquarters of your business, the center of your professional activities, or the place from which you derive most of your income), the French tax authorities will consider you to be a French tax resident.

In other words, you are not a French tax resident if you do not meet any of these criteria:
- your home is in France
- your main place of stay is in France
- you have a non-ancillary professional activity in France
- the center of your economic interests is in France

You can be considered a tax resident of several countries at the same time.
In case of multiple tax residences, the application of possible international tax treaties will allow the avoidance of double taxation.

Contact us for a personalised tax study presenting the taxation of your revenues in France.

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