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CELLULE FRANCAISE DE LUTTE CONTRE LE BLANCHIMENT DE CAPITAUX
ET LE FINANCEMENT DU TERRORISME

Tracfin – what is it?

TRACFIN is an intelligence service under the authority of the French Ministry of Action and Public Accounts.

It is responsible for combating clandestine financial circuits, money laundering and the financing of terrorism. The aim of this institution is to combat the financing of terrorism and clandestine networks, but also to combat tax fraud.

It collects, analyses and enriches the suspicious transaction reports that professionals are required by law to report to it. The professionals concerned are banks, insurance companies, legal, financial and real estate professionals, auctioneers...

On the occasion of a real estate sale, the notary and/or the real estate agent can communicate a suspicious transaction report to TRACFIN when - for example - the acquirer is unable or unwilling to explain the source of his funds or that the real beneficial owner of the transaction is hidden.

Any «atypical or suspicious» financial flows must be reported to Tracfin by means of a confidential suspicious transaction report.

The suspicious transaction reports are then sorted by Tracfin investigators who decide on legal action.

The year 2019 is another year of strong growth in Tracfin's activity.

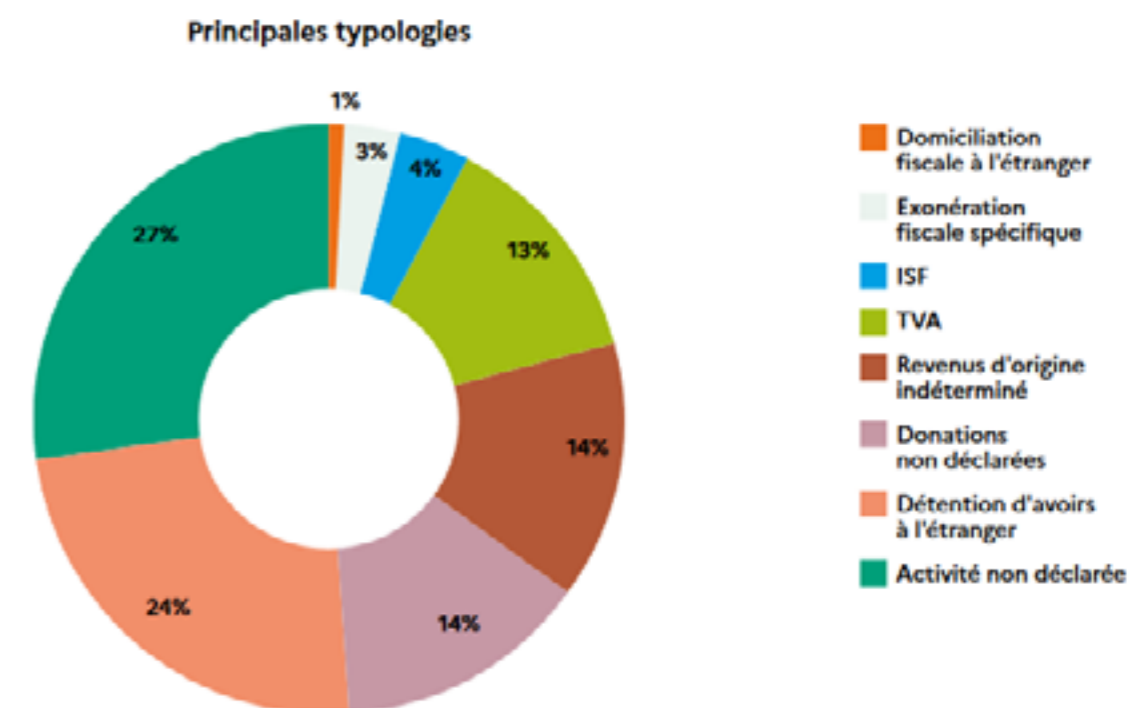
The service received 99,527 reports in 2019, an increase of 25% in one year.

The service carried out 14,082 investigations and forwarded 3,738 notes to the judicial authorities or foreign intelligence units.

The fiscal transactions are as follows

Types of fiscal transactions

The files externalised by TRACFIN to the fiscal administration equally target companies and individuals all taxes included. The following graph presents the principal cases reported in 2019



The impact of the COVID-19 lockdown on the French real estate market

Update on Greater Paris

According to the Notaires du Grand Paris, sales of older homes fell from February to April 2020. Thus the volume of sales was limited to approximately 24,000 old homes in the Paris Region, a decrease of 41% compared to the same period in 2019.

Concerning prices, between April 2019 and April 2020, housing prices rose by 6.8% for apartments and 4.4% for houses.

In Paris, the price per m² of old apartments was €10,530 per m² in April 2020.

The increase of Parisian property prices does not seem to have stopped with the crisis.

Source: Notaires du Grand Paris, press release, 25 June 2020

Can you lend money to a loved one in France?

It is perfectly possible to lend money to someone close to you, but you should be careful.

The transaction should not be treated as a loan, as the tax authorities could reclassify the transaction as a disguised donation and claim a donation fee.

Respecting formalism

The loan must be registered with the tax office at through the Cerfa 2062 form, if the amount is greater than EUR 760. In addition, above EUR 1 500, it is also necessary to draw up an IOU (I Owe U) in which will be the amount of the loan, the duration, the repayment terms and the interest rate.

It is advisable to provide for interest to avoid the requalification. The interest rate must not exceed the current rate of wear and tear.

Respect the terms of the loan

The loan repayment conditions must be respected to avoid - once again - the requalification of the operation as a donation by the tax authorities.

If the debtor does not repay his debt, he must apply to the courts, or directly to a bailiff if the loan deed was drawn up by a notary.



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