

LA NEWSLETTER NON-RÉSIDENTS

French tax information
for non-résidents



VIDEO

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Rentals (LMNP)*



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REAL ESTATE

Non-residents: How to borrow to buy in France?

Non-residents - How to borrow to buy in France?

It is perfectly possible to take out a loan either in France or abroad in order to purchase real estate in France.

A foreign bank financing the acquisition of a property in France can obtain security through a mortgage on a property also located in France.

What law will apply to the loan agreement - my national law, French law or the law of the country where the bank is situated?

Under the «Rome-I» Regulation, the loan agreement is governed by the law chosen by the parties, which will generally be that of the lender.

In the absence of an explicit or implicit choice by the parties, «the contract shall be governed by the law of the country where the party required to effect the characteristic performance of the contract has his habitual residence», i.e. that of the Bank.

How is a buyer-borrower protected by French law?

In France, the Law of 13 July 1979 requires lending institutions to provide their clients with a prior offer of credit which includes certain mandatory details such as the nature of the loan (fixed/variable rate, etc.), the amount, the term, the type of property financed (main residence, second home, etc.), the annual percentage rate and the total cost of credit.

The loan offer, which must also include a schedule setting out the dates and the amount of the monthly payments, is valid for a period of 30 days. The law also gives the borrower a 10-day cooling-off period.

In what situations will the buyer-borrower be covered by this law?

- If the contract is governed by French law

the Law of 13 July 1979 states that its provisions are public policy provisions and will apply in their entirety with no possible derogations. This will be the case even if the property is located abroad.

- If the parties have decided that the contract will be governed by foreign law

their choice is restricted in this area and the Law of 13 July will apply insofar as a loan agreement for real estate is connected with the French economic order. For this to apply, the property must be located in France and the lender (the Bank) must be established or the borrower resident in France.



As a foreigner, am I able to benefit from favourable loans?

Foreigners living in France can benefit from all housing subsidies and schemes as long as they fulfil the prescribed conditions: building grants, special loans for home ownership, extension works or renovations to make a property habitable; personalised housing assistance ("APL"), state-assisted home ownership loans ("PAP"), assisted rental loans, loan agreements, etc.

Capital gains exemption on the sale of the main residence can be used by vendors who become non-resident immediately following the sale!

In a Decision of 26 June 2018, the Administrative Court of Versailles allowed a taxpayer who had moved away from France, and who became non-resident for French tax purposes on the day of the transfer, to benefit from the main residence capital gains exemption.

In the past, the tax authorities have always refused to allow the capital gains exemption on the disposal of the main residence to be used by non-resident taxpayers if they have moved away from France and therefore become non-resident for French tax purposes.

Following this decision, it should be possible for a non-resident to benefit from the main residence exemption if:

- The transfer occurs within a normal period from the date of the move and the accommodation has remained unoccupied.
- A «normal» period of sale has elapsed between the departure from France and the actual sale of the property. For the tax authorities, a «normal» period is one year.

If this situation applies to you and you sold your property in France in 2016, 2017 or 2018, it is possible to apply for a rebate of the tax paid on the sale.

[Do not hesitate to contact us](#)

Updated list of partner states for the supply of information to the French tax authorities

A Decree of 22 May 2018 amended the list of partner states and territories and the list of states and territories for the supply of information.

This allows the French tax authorities to request from the relevant countries all financial accounting information or to allow an automatic exchange of financial accounting information for taxation purposes. This information includes balances, interest, dividends and proceeds from the sale of financial assets reported to the authorities by financial institutions in respect of accounts held by individuals and entities, including trusts and foundations.

OTHER NEWS



10 key measures of the PACTE Law

The French Finance Minister, Bruno Le Maire, has presented a draft law on the growth and transformation of companies in France.

This draft law, together with regulatory, non-regulatory and tax measures, will be incorporated into the 2019 Finance Bill.

All these measures make up the Action Plan for Business Growth and Transformation ("PACTE" in French).



L'effet Brexit et de Macron boostent l'immobilier de luxe en France

Les ventes des biens de prestige bondissent depuis le début de l'année. Pour les professionnels du secteur, l'élection du Président Emmanuel Macron a envoyé un signal positif pour la clientèle fortunée.

[En savoir plus](#)



Focus sur les frais de notaires en France

Lorsqu'un particulier achète un bien immobilier, il paie ce qu'on appelle communément des « frais de notaire ». Point sur ces frais complémentaires.

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