

LA NEWSLETTER NON-RÉSIDENTS

French tax information
for non-résidents



VIDEO

*The French Wealth Tax for
Non-residents (IFI)*

IFI, tout savoir sur la réforme de
l'impôt sur la fortune en France



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**End of the consular notarial service - How
to sign an authentic deed abroad?**

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**No more possibility of exemption in
the event of a transfer of a property
located in France.**

End of the consular notarial service - How to sign an authentic deed abroad?

From 1 January 2019, it will no longer be possible to obtain an authentic deed from the few French consulates that have retained notarial powers.

A decree of 28 September abolished the last consulates that had retained such powers. Certain deeds must be drawn up in notarial form, such as authentic wills, marriage contracts, deeds of donation and real estate sales.

How then can these acts be regularised abroad after the abolition of notarial functions in consulates?

The only solution will be the establishment in the authentic form of the deed by a local institution if possible.

In countries where the Latin notarial profession does not exist (England, Australia, the United States, Scandinavian countries, etc.), the deed can only be drawn up in the local authentic form, i.e. before a lawyer: an English notary public (solicitors or scriveners notaries in London), a lawyer in the United States or notarius publicus in the Scandinavian countries.

A new possibility of appeal concerning social security contributions and non-residents.

By a decision of 31 May 2018, the Nancy Administrative Court of Appeal ruled that certain social security contributions were not applicable to certain persons affiliated to foreign social security schemes, despite the changes made by the legislator as from 1 January 2016. On August 30, 2018, the Lyon Administrative Court of Appeal adopted the opposite position.

The first of these jurisprudences opens serious prospects for restitution for some taxpayers. In other words, taxes levied since 1 January 2016 may be challenged in 2018 based on it.

Please note that on 1 January 2019 it will no longer be possible to file a claim for deductions paid or for which roles were issued in 2016. They will be prescribed.

To file claims, taxpayers must meet the following cumulative conditions:

- Being/Having been affiliated to a social security scheme in another European Union country, Switzerland or a country in the European Economic Area;
- Have been subject to social security contributions in France at the time of affiliation:
- relating to investment products and income from assets for persons domiciled in France;
- relating to real estate capital gains and property income for persons domiciled outside France.

Taxation of non-residents in France: *government announcements.*

Removal of the CSG-CRDS on income from real estate assets

The CSG and CRDS that members of a European Union (EU) or Swiss social security scheme pay out of income from French-source real estate assets should be abolished. Non-EU residents would not be affected by this exemption.

End of minimum tax rate

When a resident is taxed on this French source income, he pays a tax calculated at a minimum rate of 20%. It is possible to request the application of the progressive scale of tax and therefore to be taxed at a lower rate but the non-resident must provide all his income (French and foreign). According to the draft finance law, the minimum tax rate of 20% would be abolished and replaced by the same rules as for residents. The progressive scale will therefore automatically apply to the French income of non-residents, without their explicit request.

The PINEL scheme and the tax exemption on maintenance payments for non-residents

The Pinel scheme, which provides tax reductions for the acquisition of real estate and income tax exemption for maintenance payments received by a resident from a non-resident, would now be available to non-residents.



No more possibility of exemption in the event of a transfer of a property located in France.

For the first taxable sale of a non-resident:

A non-resident selling his property in France may benefit from an exemption limited to 150,000 euros if:

- it has been domiciled for tax purposes in France continuously for at least two years at any time prior to the transfer
- the property is not held through an SCI
- this is his first taxable sale since 2006
- the transfer takes place no later than 31 December of the 5th year following the year of departure from France or, without any time limit, when the transferor has been at the free disposal of the property at least since 1 January of the year preceding the year of the transfer.

The 5-year period would be extended to 10 years by the finance bill.

For the sale of his «old» main residence in France

The real estate capital gain is equal to zero if the sale of the principal residence is involved. For a person leaving France, the transfer of his former main residence in France is taxed if he is no longer a tax resident in France.

The draft finance bill provides for a new mechanism of total exemption in the event of a transfer immediately after leaving France:

- the transfer must be made no later than 31 December of the year following the year in which the tax domicile is transferred outside France
- the property must not have been made available to third parties, free of charge or against payment, between the transfer and the transfer.



Furnished rentals in France : focus on compensation rules

New measure implemented in particular in Paris and in cities with more than 200,000 inhabitants in France. This new measure reinforces the constraints linked to furnished rentals such as «airbnb».

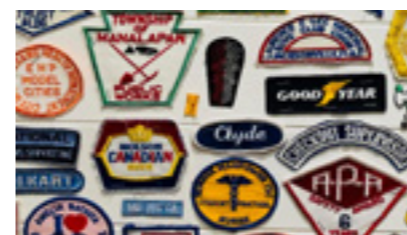
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French wealth tax reductions: donations!

Making a donation to an association allows you to benefit from a 75% tax reduction on the IFI! For example, donate €5,000 to an eligible organization, and you will actually only pay €1,250.

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How to register your brand in France

You are an entrepreneur and wish to register your brand but questions remain? Cabinet Roche is dedicated to providing you with concrete and useful answers to help you launch and manage your business.

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Reminder: In France, all bank accounts held abroad must be declared!

Important.

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