

WHAT THE TAXATION WILL BE FOR THE BUILDING LANDS IN 2016?

Article 4-II of the financial law for 2015 has implemented a **30 % exceptional allowance** applicable to real estate capital gains from sales of building lands for a 16 months period, from 1st September 2014 to 31st December 2015. This allowance was a counterpart for the rising of property taxes on building plots in very strained zones.

To make the allowance applicable, the sale has to be at the same time:

- Preceded by an unilateral or synallagmatic commitment to sell, which has acquired certain date during this period ;
- Carried out at the latest on 31 December of the second year following the year when the commitment to sell has acquired certain date.

The allowance concerns at once the income tax (19%) and the social charges (15,5%)



This allowance has been extended to lands with buildings meant for demolition with the aim of reconstruction of new housing.

The extension of this measure was on the menu of the debates of the year-end budgets. It was subject of several amendments but, **unlike its commitment, the Government didn't suggest any amendment extending this provision.**

Consequently, persons who sign a commitment to sell of building lands after the 1st January 2016 will not benefit from this 30% exceptional allowance anymore.

PARIS: RISING OF THE REGISTRATION FEES RATE

From the 1st of January 2016, the Council of Paris decided to fix the rate of the departmental part of cadastral taxes and the registration fees on the sales of buildings, to 4,80 %. In this way, it led to **a rise of the global rate of the registration fees from 5,09 % to 5,80 %**. These fees are paid by the purchaser of a property.

For a property of 1.000.000 Euros, the costs rise of 7.100 Euros.

This increase takes place in accordance with the possibility given to the Départements by the financial law for 2014 and is accretive to the alignment of the applicable registration fees. The most of the French Départements have already made the same choice as Paris

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The end of the tax rule BACQUET concerning the life insurance contracts

Ministerial responses Bacquet of 29 June 2010 ascertained that the life insurance contracts, subscribed by the surviving spouse and credited with common funds, were fiscally and civilly considered as common goods and must be considered as assets for the estate for half of their value.

This provision is applied to inheritances open since 29 June 2010.

At the opening of the inheritance of one member of the couple who has opted for the regime of community of property, the children had to settle the inheritance taxes at the death of the first spouse without having the opportunity to benefit from the life insurance contract, which could be penalizing. From now on, **the death of the first spouse will be fiscally neutral for the successors**, especially the children, as the spouses are already exempted. They will be taxed on the life insurance contract only at the death of the second spouse. So, they will not have to pay any inheritance tax at the death of the first spouse on an unsettled contract.



IN SHORT, SOME NEWS OF THE FINANCIAL LAW FOR 2016

- Article 4 of the financial law for 2016 indexes the brackets of the of the income tax scale to inflation

TAX SCALE FOR 2016

AMOUNT OF THE INCOMES	TAX RATE
UP TO 9 700 €	0%
FROM 9 700 € TO 26 791 €	14 %
FROM 26 791 € TO 71 826 €	30 %
FROM 71 826 € TO 152 108 €	41 %
HIGHER THAN 152 108 €	45 %

- Widening of the monthly-payment system of the tax to the French living in the Euro payment area (SEPA).

From now on, the French living in the Euro payment area (SEPA) can proceed to the monthly-payment of their taxes in France.

- Generalization of the online declaration.

The generalization will be implemented gradually over a period of four years for all taxpayers having internet access from their main residence.

The non-compliance to this obligation will lead to a fixed fine of 15 Euros per tax form or enclosure from the 2nd year in which a breach is recorded.

- Implementation of the withholding tax from the 1st January 2018.

The Government has confirmed that the withholding tax would be implemented on 1st January 2018. The draft reform will be presented by the Government to the Parliament before the 1st October 2016 and will be voted at the end of the year.