

Dear client,

It's that time of year again when you need to prepare your French tax return for 2025. This year, the newsletter and questionnaire will be sent by email only, and all our documents will be available to download from our website: www.advicefrance.com. I will send them by post to anyone who asks for them.

In order to prepare it, I will need you to compile the following information:

- Your income for 2025 (salary, pension, interest, dividends, rental income, etc.) and evidence of this (P60, interest certificates, bank statements, foreign tax returns, etc.). Please also provide details of any changes in your circumstances using the attached questionnaire.

This is only intended for professionals running micro or auto-entrepreneur businesses: Professional income should be divided into two categories: Labour-Service, or Material (or only one category if you don't provide material). Individuals without a professional micro or auto-entrepreneur status aren't concerned. A copy of the AE monthly or quarterly returns or yearly certificate from the URSSAF is required. All professional income must be declared to the URSSAF at the same time as the normal tax return.

Please prepare and send us all the information required to check them **before the 21st of April 2026** so that I have the time to come back to you if necessary.



● **To ensure that your personal tax return is submitted on time, please provide us with the pre-printed Déclaration de revenus préremplie 2025 tax return (by email is fine I don't need the original), which you should receive in mid-April 2026.** This does not apply to individuals filing their first French tax return. **If you already have an online account, please provide us with your access code and set our email address as the rescue email address.** This will allow us to collect all the necessary information shown on the blue form and check the tax calculation from the previous year. This does not apply to individuals filing their first French tax return.

It is very important for me to clarify that a person who has received a 'titre de séjour' does qualify France as their country of residence (this is in addition to other factors such as a 'carte vitale' and the number of days spent in France). This automatically obliges you to declare and pay French tax in accordance with the Double Taxation Agreement, and your French house becomes your main residence. The prefecture is not a tax office, so you may not feel the need to file a French tax return, but this doesn't mean that the obligation doesn't exist. The French tax authority will be able to tax you on the previous year from the date that you declared to be living permanently in France. If you don't want to file a French tax return, I would advise you not to keep your residency card (except in special cases). In any case, it will be impossible to renew your residency card if you cannot provide a French tax return for at least the three years prior to renewal.

Change this year or important reminder:

- 1- Increase of personal allowance (+ 0,90 %)** applicable for 2025 income from 11 497 euros for a single person to 11 600 euros and 23 200 euros for a couple. The tax rates are for 2025: for the 1st bracket 11 % up to 29 579 euros for a single person, 30 % up to 84 577 euros, 41 % up to 181 917 euros and 45 % above. This reduction in the 1st bracket has been automatically applied for your 2026 PAS (tax at source rate) paid monthly from January 2026.
- 2- Deduction of 10 % on pensions** remains the same with a maximum limit per returns of 4 439 euros per tax home.

3- **The "prelevements sociaux" increased by 1.80% this year.** The rate is now 18.60% instead of 17.20%. The deductible portion of the "social contributions" remains at 6.80% of your income for the following year. France is now considering a European resident or non-resident who is attached to another European social security benefit and is independent of the French social security system (i.e., a person who benefits from an S1 or E121 exclusively). For these individuals, social charges will be reduced to 7.5% on French income, including rental income, and non-French capital investments (interest, dividends, gains, etc.) by providing proof of health insurance. The UK health coordination agreement keeps all UK expats with the same benefits as before Brexit. The S1 form is valid and will be delivered to new retirees living in France or new expats as an EHIC card, which will continue to cover you in all EU countries.

A social contribution tax applies to non-French pensions (whether or not they are taxed according to the tax treaty) if you are financially dependent on the French social security system. During 2024 and early 2025, some of my clients received demands for payment of CSG CRDS on their UK pensions. Please note that you are financially dependent on the French social security system if you have applied for a 'carte vitale' based on your residency status. In this case, the tax authorities have the right to charge between 4.60% and 9.10% on your UK pensions. Only individuals who benefit from an S1 form issued by another EU country and registered with the CPAM will be considered financially independent. If you are unsure of your status, please contact us for advice.

4- **Capital gains tax** on shares will be reduced by 50% for shares held for more than two years and by 65% for shares held for more than eight years, but only for income tax, not for the "prelevements sociaux," of which 18.60% (or 7.50%) will be taken from 100% of the gain. Since 2016, losses will not be reduced by 50% or 65%. **Note that this reduction does not apply if you opt for the flat tax rate of 31.40% or 20.3% (see paragraph 10).**

5- **Crypto money sale** needs to be declared. France considers 2 categories of persons:

- a. **Individual that buys and sales of crypto money occasionally:** the gain will be calculated on the difference between the money invested and the money received on the sale of the crypto money. This will only be subject to the flat rate of 31,40 % or 20,30 %
- b. **Professional that buy and sale more regularly.** The profit will have to be calculated like a business, under MICRO (Auto-Entrepreneur) with 50 % reduction on the sale price or under profit and loss account. This activity is subject to social contribution to URSSAF

6- **There is an obligation to declare your income tax online,** except for those who don't have online access, such as with the first French tax return, or those without internet service. **We already do this for you. Starting this year, the tax office will no longer send tax bills (income or property tax) by mail, but all your "avis d'impôt" will be available online. If you wish to continue receiving your tax bills by mail, you must express this preference on your online tax account.**

7- **Payment of all taxes online is required for all bills exceeding 300 euros** (income tax, taxes foncières, taxes d'habitation). **We can help you set up automatic monthly debits (advance payment) or payments on the due date.**

8- **The tax taken at source in 2026 will continue,** but only on French income. From January to December, you need to pay deposits tax on your UK or foreign income that is taxable in France on a monthly basis at the rate shown on your online tax account. It is normally automatic based on tax information declared in 2025 and on 2026 from September.

Since the deposit doesn't account for any tax credits or tax reduction, you will receive in January 2026, 60% of the credits declared in 2025. The tax credits or reductions concerned are:

- Home employee (CESU, ADMR association, Maison Verte, etc.).
- Service à la Personne companies
- Childminder (PAJE, etc.).
- Membership dues to trade union organizations
- Charities

If you stop using any granted services or incurring expenses in 2025, the advance refund of credit received will have to be repaid. You can stop this deposit by informing the tax authority directly through your online tax account. **Let us know, and we will cancel the advance refund of credit for you before December 2026.**

I'm not sure if everyone understands the **PAS (Prélèvement à la Source)**, but what we have paid during 1 January to 31 December 2025 will cover income tax for 2025. This will either cover or not the tax due on the return filed in May 2026. The money debited in 2026 will be for income earned in 2026, so it is important to complete a tax return every year to ensure that the tax paid is correct and to have your tax band reviewed (top up of 2025 income tax is covered by 4 instalments from September to December 2026 with the 2026 monthly instalments). **You can specify any changes to your income or family situation (e.g. birth, divorce) before the tax return to reduce your monthly payment or tax paid at source. These changes will take a minimum of two to four months to impact the monthly payment. Therefore, if you are leaving France and need to stop the monthly payments, you must inform us as soon as possible.**

- 9- **A flat tax of 31.40% or 20.30%**, including income tax (12.80%) and social contributions (18.60% or 7.50%), can be applied to your financial investment income. This means that, for this year, everyone has the option of paying a flat rate of 31.4% on their interest, financial capital gains, or dividends instead of the normal tax rate under the "barème" regime, plus a social contribution of 18.6% (or 7.5%). For example, if you have reached the 30% tax bracket plus the 18.6% prélèvements sociaux, which equals 48.6%, you would be better off with the 31.4% flat rate.

Attention! This rate is applied to gross taxable income, so you lose the 40% reduction on dividends or the 50% reduction on capital gains and the 6.8% deductible part of prélèvements sociaux. Every year, I will automatically calculate the best option when preparing your 2025 tax return in April 2026. This flat rate doesn't affect the special rate on "assurance vie".



The choice from Flat tax rate (31,40 % or 20,30 %) or the "Barème" for your investment income could not be changed after the deadline of income tax submission. However, this year, this is not the case anymore and changes will be possible in the respect of claim delays.

- 10- **The 'taxe d'habitation'** on the main residence has now completely disappeared. The TV licence fee of €138 will no longer be charged on the main or secondary residence. Consequently, the government needs you to declare the occupancy of each of your French properties and update this information in the event of any changes. Failure to do so may result in a fine of 150 euros, particularly for those who rent. See paragraph 14 for more information. **If your dependent child is a student and lives in a property separate from yours, it is important that you provide their address to avoid having to pay a 'taxe d'habitation'**. This is not a legal requirement, but a decision of the tax office, so make sure you provide this address on your household tax return to avoid any issues.



From 2027, the tax office is planning to put in place a new tax for all vacant property

11- Cotisation Subsidiaire Maladie (CSM): (CSM): This concerns all persons who benefit from a 'carte vitale' but do not contribute, or do not contribute enough, through their professional income. Professional income or profit should amount to at least 9,420 euros for 2025 and 9,612 euros for 2026. This only applies to pensioners without a French pension or an S1 EU health application. Therefore, a person who is fully retired with a French pension or who benefits from an S1 should be exempt, as should their spouse or civil partner. The contribution is calculated based on investment income only (dividends, interest, rental income from furnished or unfurnished properties, capital **gains from shares, and gains from the sale of property or life insurance, etc.) and not on pensions or other professional income from France or any other country, provided it exceeds 23,550 euros for 2025 or 24,030 euros for 2026. If you have been wrongly charged, I can help you dispute the charge with the URSSAF. Don't hesitate to seek advice.**

12- Wealth tax has been now replaced by Wealth tax on property for resident or non-resident (Impôt sur la Fortune Immobilier IFI): it means that only the value of property owned, directly or by shares or by trust, will be considered instead of all assets before. The taxation rules remain the same (deduction on the property market value of all the debt, 30 % reduction on the main residence...): you will be taxed if the total value of your properties owned is more than 1 300 000 euros.

13- Trust: if you are involved in a Trust, you need to make a yearly return to declare all the assets value (market value) on the 1st January of each year. This return applies if you benefit from the trust or if you are an administrator of it and as a French tax resident, the return needs to list the worldwide assets.

14- New reporting obligation for property owners starting in 2023

All property owners have a new reporting obligation since 2023. All owners of residential property, individuals and companies, must declare the occupation of their homes on the "Manage my property" section of the impots.gouv.fr website (see last year newsletter).

If you haven't made that return, It is never too late to do it, if you have not done it last year. You don't need to do this return every year but **you need to up date any user changes of your French property. Contact us if you need our assistance.**

15- CEHR and CDHR tax renew for 2026 and until the deficit rate goes below 3 %

The CEHR is an additional tax levied if your annual taxable income exceeds €250,000 for individuals or €500,000 for couples. The rates for 2025 are:

Revenu Fiscal de Référence (RFR)	Single Person	Couple that does joint tax return
From 0 to 250 000 €	0 %	0 %
From 250 001 to 500 000 €	3 %	0 %
From 500 001 to 1 000 000 €	4 %	3 %
Above 1 000 000 €	4 %	4 %

In addition to the standard CEHR, the tax office has introduced a new tax called the CDHR, which will increase your total income tax if your income exceeds 250,000 euros for individuals or 500,000 euros for couples. This will result in a total tax rate of 20%.

If you think your income for 2026 will exceed the threshold, please contact me before November, as a deposit for the CDHR will need to be paid in December 2026. This income includes capital pensions that you have cashed in from private pensions, but you should seek advice if you wish to apply for the 'lissage' system, which takes the average of your income over three years, or if you believe that some of your income can be considered exceptional, as you may then be exempt from the CDHR and only pay the CEHR.

16-Reminder of the main tax changes into the French furnished letting applicable from the 1st January 2025

a) MICRO tax option a minimum of + 20 % increase in taxes and a limit of 15 000 euros gross rental income (If you used to declare under MICRO and have made more than €15,000 non-qualified furnished rental, please contact us immediately for advice)

- The flat deduction for MICRO BIC on B&B or qualify holiday furnished letting (like the "Etoiles de France" or Gîte de France for example), will be reduce from 71 % to 50 % with a maximum turnover from 188 700 euros in 2024 to 77 700 euros from 2025.

- For the ordinary furnished letting under MICRO BIC will be reduce from 50 % to 30 % with the maximum turnover from 77 700 euros to 15 000 euros.

b) Profit & Loss account

The change is only on the capital gain, where the depreciation will now be considered in the calculation of the future gain. This means that you can still offset from your income the depreciation of the property (between 2 to 3.33 % per year maximum of the purchase value or market value) but when you will be selling the property, the value that will reduce the sale price will be the net value of the property (purchase value, less the depreciation). This will have an important impact if you sale the property before the full exemption of 22 years. As the capital gain rule of sale of secondary for individual will still be applicable on the property use for holiday let, so you will still benefit from the reduction into the capital gain after 5 years of owing the property to have a 100 % exemption of tax after 22 years. So, this will affect you in a short-term sale but not in the long term. I'm still waiting for the full application rules to find out if the depreciation is the one that been used to reduce income or the one practice in the accountancy books.



major reminder or changes that may impact you during 2025-2026 and that we invite you to discuss with us:

- The government has officially abandoned the reduction in the non-VAT threshold, which was due to come into effect on 1 March 2025. The threshold was set to decrease from 37,500 euros for services and 85,000 euros for sales to 25,000 euros

- The exemption from tips for employees whose salary does not exceed 1.6 times the minimum wage (SMIC) will be maintained until 2028

- There will be no changes to the tax credits for home employees and SAP (services à la personne).

- No change to the tax deduction for school-age children, for which there will be a tax reduction of 61 euros for secondary school, 153 euros for sixth form and 183 euros for university.

- Increase into the threshold to charities gift that help victims of violence or people in need like Resto du Coeur, Croix-Rouge, Secours Populaire....) that give you 75 % tax credit, have increase from 1 000 euros to 2 000 euros

- The maximum tax credit is increased from 300 euros to 500 euros per electric car charger, with a limit of one system per house. (A couple will be able to have two chargers granted for their main residence and secondary home.)



- **A tax credit of 25% is available for the cost of work carried out on the main residence to adapt it for people with a disability of at least 50%, or for people aged 60 or over who are classified in one of the first four iso-resource groups (GIR), and who are therefore eligible for the Personalised Independence Allowance (APA).** Applicants must have had a minimum income of €22,015 in 2023 if they are single, or €32,197 if they are in a couple. The maximum income is €31,394 for single applicants, and €49,996 for couples.
- A €2 tax will be levied on small parcels ordered online from outside the EU, provided the value is less than €150 (nothing to declare on your personal tax return).
- From 2026, the unused yearly deduction limit for voluntary payments into a private pension scheme called a PER (Plan d'Epargne Retraite) will be extended from three years to five years, but no tax deduction will be given to payments into a PER wafter the age of 70.
- A new property programme called 'Bailleur Privé' (Private Landlord) is set to launch in 2026. It will reduce taxes on the purchase of residential flats in multi-unit buildings, whether new or considered equivalent to new, or where improvement works represent more than 30% of the purchase price. This applies to completed or off-plan purchases before 2029. Depreciation deducted from rentals will be between 3% and a maximum of 5.5%, depending on the property type and tenant type, on 80% of the purchase price and renovation costs. There are commitments required in terms of energy performance, environmental performance and safety. There is also a commitment to renting out the property for a minimum of nine years at moderate or low rents.

Thanks again for using my assistance this year and I hope that it will bring you complete satisfaction.

Contact me with any questions.

Best Regards

Sarah Vedrenne



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N.B.: For those of you who have already provided me with all or part of the information required, please note that it is still necessary to fill in the questionnaire to make sure that you have covered all the elements required and to give me the authority to do your return online.

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