

Dear client,

It's the time of the year to prepare your 2023 French tax return. This year, I will be sending the newsletter and the questionnaire by email only and you will also be able to download all our documents from our new website www.advicefrance.com. I will be sending it by post to the person that will ask for it.

To be able to prepare it, I will need you to put together the following information:

- Your 2023 income (salary, pension, interest, dividend, rental income with the property address...) with the evidence (P60, interest certificate, bank statements ...) and change of situation (please use the attached questionnaire)

- Only for professionals with Micro or Auto-Entrepreneur businesses

Professional income should be divided into 2 categories: Labour or service and Material (or only one if you don't provide Material) (*individuals without professional Micro or Auto-Entrepreneur aren't concerned*) with a copy of AE monthly or quarterly returns or yearly certificate from URSSAF. All professional income will be declared to URSSAF in 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 2024** so that I have the time to come back to you if necessary.



• **To guarantee the submission of your personal tax return in the required time it is important that you give us your pre-printed tax return you should receive in Mid-April 2024 called “Déclaration de revenus préremplie 2023” (does not apply to persons filing their first French tax return) OR for those that already have an online account, can you just let me have your access code, where I will be able to collect all the necessary information show on the blue form and check previous year's tax calculation (this also doesn't apply to persons filling their first French tax return).**

It is very important for me to precise that the person who received a “titre or carte de séjour” do qualify France to be their residency country. This automatically oblige you to declare and paid French tax on UK incomes accordingly to the Double Taxation Agreement and your French house become your main residence. The prefecture is not the tax office so you may not be asking or feel like you need to file 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 previous year from the date that you've declare to be living permanently in France. If you don't wish to do French tax return than my advice will be not to keep your residency card (except special case). In any case, it will be impossible to renew your residency card if you don't provide French tax return at least for the 3 years before the renewal.

Change this year or important reminder:

- 1- **Increase of personal allowance (+ 4,80 %)** applicable for 2023 income from 10 777 euros for a single person to 11 294 euros and 22 588 euros for a couple. The tax rates are for 2023: for the 1st bracket 11 % up to 28 797 euros for a single person, 30 % up to 82 341 euros, 41 % up to 177 106 euros and 45 % above. This reduction in the 1st bracket has been automatically applied for your 2024 PAS (tax at source rate) paid monthly from January 2024.

- 2- **“Prelevements sociaux” remains the same.** The rate is now 17,20 %. The deductible part of the “prelevements sociaux” is passing from 5,10 % to 6,80 % on your income for the following year. France is now considering a European person, resident, or non-resident, which is attached to another European social security benefit and who is independent of the French social security (person who benefits from an S1 or E121 exclusively). For these people, the social charges will be reduced at 7,50 % on French or non-French capital investments by producing a certificate that I can arrange for you. UK health coordination agreement is keeping all UK expat with the same benefit as before Brexit. So, S1 form is this valid and will be delivery to new retirees UK living in France or new expat as the EHIC card that will carry on to cover you in all EU countries.
- 3- **Capital Gain Tax** on shares will benefit from: 50 % reduction on the gain for shares held more than 2 years and 65 % for shares held more than 8 years for income tax only, not for the “prelevements sociaux” of which 17,20 % (or 7,50 %) will be taken on 100 % of the gain. Since 2016: losses will not be reduced by 50 % or 65 %. **Attention this reduction doesn't apply if you use the 30 % or 20,30 % flat tax rate (see paragraph 9).**
- 4- **Crypto money** gains need to be declared. France consider 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 30 % 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
- 5- **The Obligation to declare your income tax online (this is what we already do for you)** is now, from the 1st January 2019 for all, except the ones who don't have access online like for the 1st French tax return or no internet service.
- 6- **The Obligation of payment online** for all the taxes (income tax, Taxes Foncières, Taxes d'Habitation) for all the bills that exceed 300 euros.
- 7- **Tax taken at source in 2023 continue but only on French income and you need to forecast for the UK source of income on a monthly basis from January to December at a rate shown on your tax account online. It is possible to pay quarterly. It is also possible to reduce or increase the deposits if your income for the current year change.**

Because the deposit doesn't take into account any tax credit, you have received in January 2024 60 % of the credit received in 2022. The tax credits or reductions concerned are:

 - Home employee (CESU, association ADMR – Maison Verte) ATTENTION SOME CREDITS CAN BE DIRECTLY OFFSET FROM THE COST OR PAID MONTHLY
 - Childminder (PAJE...)
 - Membership dues to trade union organizations
 - Charities (special threshold of 1 000 euros renewed in 2023 and 2024)

If you have stopped using any granted services or expenses in 2023, the credit deposit received will have to be payback. It is possible to stop this deposit by informing the tax authority directly on your tax online account **IN DECEMBER**.

Not sure that the PAS (initials of tax at source in French – **Pr**élèvement **A** la **S**ource) is understood by everybody but what we have paid from the 1st January to the 31st December 2023 **is for 2023 income**. The money debited now in 2024, will be for 2024 income, so it is becoming very important to do a tax return to make sure that the tax paid is correct and to have your rate review every year. Any change in your income can be specified before the tax return, to reduce your monthly payment or tax paid at the source. Those change will take a minimum of 2 to 4 months before it impacts the monthly payment. So, if you leave France, to stop the monthly income you need to let us know ASAP.

- 8- From the 1st of January 2022, the tax credit on the main house for ecological work doesn't exist on the tax return. It has already been replaced by a new grant that needs to ask before the work is done and will only benefit persons with modest income.**

The grant will depend on the type and amount of the work done mainly by the « RGE » registered company. You may be eligible for the new grant called "MaprimeRénov" depending on your income level. You can simulate the help by putting information on the website: <https://www.maprimerenov.gouv.fr> and <https://france-renov.gouv.fr>. You can find a lot of information in those 2 websites.

- 9- Tax credit on private home employee or home services (services à la personne):** from the 01/01/2017 everybody will be able to receive a refund of 50 % of the cost paid to the home employee (CESU) or invoices paid to home services (services à la personne) which was only linked before to the workers. From 2017, unemployed, inactive, or retired persons, can benefit from this tax credit up to the maximum of 12 000 euros or 15 000 euros, under conditions. **From this year you can ask to have CESU credit deducted every month instead of twice a year.**

- 10- Flat tax of 30 % or 20,30 %**, including income tax (12,80 %) and prélèvements sociaux (17,20 % or 7,50 %), can be applied to your financial investment income. So, this means that for this year, everybody will have the choice to pay a 30 % flat rate on their interest, financial capital gain, or dividends instead of their normal tax rate under "barème" regime, plus social contribution at 17,20 % (or 7.50 %). So, for example, if you have reached the 30 % tax bracket + the 17,20 % prélèvements sociaux which equals 47,20 %, you are better off with the 30 % flat rate.

Attention! This rate will be applied to the gross taxable income, so you will be losing the reduction of 40 % on dividends or 50 % on capital gain, loss of the 6,80 % deductible part of prélèvements sociaux.... This needs to be studied before deciding what is best. I will automatically calculate the best option when I do your 2022 tax return in April 2023. This flat rate doesn't affect the special rate on "assurance vie".

- 11- "Taxe d'habitation":** on the main residence have now completely disappear. The TV licence of 138 euros will not be charge any more either on main or secondary home. Consequently, the government need you to declare the occupancy of each of your French property and to update it in case of any change. If your dependant student child live in a separate property than yours, it is important that you communicate his address to avoid having to pay a Taxe d'Habitation (it's not the law but the decision of the tax office so you have a better change if you communicate this address on your household tax return).

- 12- Cotisation Subsidiaire Maladie: (CSM):** From 2017 some people have received a demand from URSSAF to contribute for medical cover. It is now clear that the only person that should be paying this cost is the person who doesn't contribute enough through their professional income (**professional income or professional profit should be at least a minimum of 8 798 euros for 2023 and 9 274 euros for 2024**).

So, a person that is fully retired with a French pension or benefit from an S1 should be exempted, same for a married person or PACS to this person. The contribution is calculated on **investment income** only (dividends, interests, rental income, capital gain on shares but also on French or sale of property, life insurance gain...) and not on the pension or other professional income from France or any other country source, if it exceeds 21 996 euros for 2023 or 23 184 euros for 2024. If you've been wrongly charged, I can help to dispute this case with URSSAF. Don't hesitate to take advice.

13- 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.

14- 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.

15- New reporting obligation for property owners 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.**

16- Tax credit on work to adapt homes for dependent people

Tax credit on work undertaken for adapting home to old age or disability will be allow up to the 31/12/2025. From the 1st January 2024, the French government is putting in place a direct grant to claim before the work on the website called "MaPrimAdapt" <https://france-renov.gouv.fr/aides/maprimeadapt>.

The tax credit is more advantageous than the direct grant, so if you are planning any works relative to dependence, I will recommend you to do this before the 31/12/2025.

17- Furnished letting changing in 2024

The French tax government has voted for a change into the MICRO tax option regime with a less generous flat deduction on the furnished letting income.

The MICRO threshold will be reduced from 36 800 euros for non-qualified property or 77 700 euros for qualify property like for example "Etoiles de France" to 15 000 euros per year. The flat rate will be reduced from 50 % for non-qualified property or 71 % for qualify property to 30 % (an additional + 21 % could be given to property located in non-tight property area, you can check this on the government website <https://www.service-public.fr/simulateur/calcul/zones-tendues>).

So it may be advisable for you to change from MICRO to Profit & Loss tax option (Réal Simplifié) but this needs to be done before the end of 2024 (to be applicable in 2024) or you will be force to change to this detail return if your gross rental income (before any deduction) exceed 15 000 euros.

The French government may change their mind on that change but at this moment nothing is certain. For who maybe concerned, contact me after the tax season, to discuss in more details.

Type of rental activity	Flat rate deduction before change	Flat rate deduction after change	Threshold
Qualified holiday lets (furnished letting less than 3 months per tenants) very tight property rental area	71%	30%	30 000 €
Qualified holiday lets (furnished letting less than 3 months per tenants) in mountains or in non-tight property rental area	71%	30%	30 000 €
Non-qualified holiday lets in tight or non-tight property rental area	50%	30%	15 000 €
Bed and Breakfast	71%	71%	188 700 €

BREXIT: The UK has now left the Economic European Area and this is now important to put in place new obligations to make sure you can maintain the legality of your residency in France. We can all be reassured that if you were a legal resident in France before 1 January 2021, your rights will be protected by the Withdrawal Agreement.

- 1- Registering on the Brexit website <https://contacts-demarches.interieur.gouv.fr/brexit/brexit-demande-titre-sejour/> before 1st July 2021 to obtain the new residency card/permit before the 1st October 2021. We offer our assistance to the British residents that haven't been able to manage that, so don't hesitate to contact us for more information
- 2- **Changing your UK driving licence into a French driving licence before it expired (start the process a minimum of 9 month before deadline).**
- 3- Apply now for the new EHIC. For the ones that have registered their French health insurance using an S1 (or E121) need to apply now for an EHIC.
- 4- No Visa required to spend less than 6 months in the UK
- 5- Rules for your UK friends or family member to visit France

The special case of British nationals who own a secondary residence:



- 1) If they stay in France in their secondary residence for periods between 3 and 6 months, they will not be considered as having their main residence on French territory and will not be able to obtain a residence permit under the withdrawal agreement. They will therefore have to apply for a temporary long-stay VLS-T "visiteur" visa.
- 2) In the case of a stay of more than 6 months, the secondary residence becomes the main residence, at least for the current year. They will therefore have to apply for a long-stay visa with a residence permit VLS-TS "visiteur".
- 3) Other reasons to visit France:
 - a- British spouses of EU nationals wishing to settle or stay in France for more than 90 days (at the same time as their spouse or to join him or her) will be exempted from the visa requirement for settlement (in the application of European directive n°2004/38).
 - b- On other exception for UK nationals coming to France to carry out a paid activity for a stay ≤ 90 days will benefit from a short stay visa exemption. A work permit will be required, except for the exercise of certain activities (sports, cultural and scientific events, seminars and trade fairs, production and distribution of shows, cinematographic or audiovisual works, modeling, auditing, and expertise missions in IT, management, finance, insurance, architecture, and engineering). Please note: in case of a stay longer than 90 days, a long-stay visa will be required.

To obtain a visa you can check more information on the assistant of the official VISA website <https://france-visas.gouv.fr/web/france-visas/ai-je-besoin-d-un-visa>

Applying for French nationality can have some fundamental changes in your tax and inheritance. So, taking French nationality need to be thought carefully and it is a long process that can take at least 2 years. Your French need to be very good, as per from the 1st of April 2020 all applicants will have to do the French language test.

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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