

Dear client,

It's the time of the year to prepare your 2023 French tax return.

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

- **Your 2023 French income only** (salary, pension, interest, dividend, rental income with the property address...) with the evidence and change of situation (use the attached questionnaire). **The clients who have already returned to us the P&L information don't need to give us any further details of this particular property(ies).**

- **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*). I will need copy of URSSAF monthly or quarterly returns.

Please prepare and send us all the information required to check them **before the 21<sup>st</sup> 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, you must give us the pre-printed tax return you should receive in Mid-April 2024 called "Déclaration de revenus préremplie 2023" (does not apply to people who are making their first French tax return).**

Like every year, please find the main changes for non-residents.

#### Some good news:

- a) TV Licence been cancelled for all individual, resident or non-resident, for all French property with or without letting income. So, this is a saving of 138 euros that started in 2022.
- b) UK non-resident can start again to benefit from the lower rate of Social Contribution Tax (CSG CRDS). See paragraphe 2

Some bad news:

- c) Non-resident individuals are not concern by the exemption of "Taxe d'Habitation". The exemption only concerns the main resident for French tax resident.
- d) Furnished letting long-term or holiday lets tax rules will change in 2024**

Update of the previous year's information's:

#### 1. Minimum tax rate set at 20% up to 27 478 € and 30% above

Rental income (rental income unfurnished or furnished) and other income taxed in the BIC (commercial/industrial profit), BNC (intellectual profit), BA (agriculture profit) \* categories are subjected to a minimum tax rate when collected by non-residents (accordingly to the application of international tax treaties). Set at 20% until 2018, the minimum tax rate is now set at 30%. (Article 13 of the Finance law for 2019). However, as a compromise with the

Senate, the National Assembly decided to include a threshold below which the tax rate remains at 20%.

Thresholds of revenues collected in 2023	2023 Income tax rate	
	French source income	DOM source income
From 0 € to 27 478 €	20%	14,4%
Above to 27 478 €	30%	20%

The threshold of € 27 478 corresponds to the upper limit of the second bracket of the income tax schedule for French tax residents.

\* Industrial and commercial profits, non-commercial profits and agricultural profits

## 2. CSG-CRDS exemption limited to European non-residents

Non-residents affiliated with another social security scheme within the European Economic Area and Switzerland are exempted from CSG-CRDS on rental income and property capital gains from French sources.

However, the last remains subjected to the Solidarity Levy on income from property and investment products at a set rate of 7.50%. (Art 26 LFSS 2019) instead of 17.20%. Other non-residents not concerned by this exemption are subjected to social security contributions at a rate of 17.20% on the rental income they receive since January 1, 2018, and the property capital gains, they realized since January 1, 2019. **Since 1<sup>st</sup> January 2022, the UK has now left the European Economic Area but after one year of been charged with the higher rate can benefit again from the lower rate. The income from 2021 that been taxed in 2021 at 17,20 % can be dispute by yourself and you can claim a refund of 9,70 % (difference between 17,20 % and 7,50 %). I can arrange this claim for you. Please contact us for more information.**

### Comparative table

Tax residence	Rental income received in 2017, taxable in 2018	Rental income received in 2019, taxable in 2019	
	For all the non-resident	Tax resident in an EU country or Swiss or UK	Résidents out of the EEE* and out of Switzerland or UK
Prélèvements sociaux rate	17,2%	7,5%	17,2%

\* Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Czech Republic, Romania, Slovakia, Slovenia, Sweden.

## 3. The updated salary and pension tax schedule

From 2023 this category of income will be taxed at source under the resident table

**Income receive  
in 2024 :**

Rate applicable	Per Year	Per Quarter	Per Month	Per week	Per Day
0 % For the income below that threshold	Less than 16 820 €	Less than 4 205 €	Less than 1 402 €	Less than 323 €	Less than 54 €
12 % For the portion of income between :	16 820 € To 48 790 €	4 205 € To 12 198 €	1 402 € To 4 066 €	323 € To 938 €	54 € To 156 €
20 % For the portion of income above :	Above 48 790 €	Above 12 198 €	Above 4 066 €	Above 938 €	Above 156 €

**Income receive  
in 2023 :**

Rate applicable	Per Year	Per Quarter	Per Month	Per week	Per Day
0 % For the income below that threshold	Less than 16 050 €	Less than 4 013 €	Less than 1 338 €	Less than 309 €	Less than 51 €
12 % For the portion of income between :	16 050 € To 46 557 €	4 013 € To 11 639 €	1 338 € To 3 880 €	309 € To 895 €	51 € To 149 €
20 % For the portion of income above :	Above 46 557 €	Above 11 639 €	Above 3 880 €	Above 895 €	Above 149 €



#### **4. At least deductible child support**

Maintenance pension payments are now deductible from taxable income in France for non-residents provided that these pensions are taxable in the hands of their beneficiary in France.

In other words, for the maintenance pension to be deductible for the non-resident who pays it, the same maintenance pension must remain taxable for the French tax resident who receives it.

#### **5. Do you have a SEPA bank account to pay your taxes?**

Non-residents subjected to withholding tax on some of their income (rental income for example), must have a bank account to SEPA standards so that the tax Levy is made.

If you have difficulties opening a bank account, the Banque de France indicates the procedure to follow on its website or contact us.

#### **6. Deadline fixed at 10 years for the abatement of 150 000 € on your property capital gain**

Non-residents benefiting from a special deduction of € 150,000 at the time of the sale of a property located in France. (Article 150 U II, 2 ° of the CGI).

To benefit from this, several conditions must be respected, including 5 years between the departure of France and the date of transfer. Article 43 of the Finance Act for 2019 extends this period to 10 years.

On the other hand, where the non-resident taxpayer has the free disposal of the property at least since 1st January of the year preceding the year of the transfer, there is no time limit.

#### **7. Your French dividend will be subjected to withholding tax of 12.8%**

Following CumCum and CumEx files' scandals, the French legislator took measures to limit tax avoidance mounts in the context of dividend distributions.

As of July 1, 2019, French-source dividends distributed to non-residents will automatically be withheld at a rate of 12.8%, despite a different rate provided by an international tax treaty. This withholding tax is effective when the payment of dividends is made in the context of a temporary transfer for less than 45 days of the securities to which they are related to.

On the other hand, if the non-resident taxpayer proves he is the real beneficiary of the dividends and that the distribution of these dividends outside of France is not primarily intended to evade French tax, then the taxpayer may claim the application of the favorable rate provided in the tax treaty binding France to his country of expatriation.

(Article 36 of the Finance Act for 2019 introducing a new Article 119 bis A in the General Tax Code)

## 8. Reducing the time to escape the exit tax

The 15 years for obtaining the exemption from the exit tax is lowered to:

- 5 years for unrealized gains with an overall value of more than 2.57 million euros
- 2 years for unrealized gains less than 2.57 million euros (article 112 of the Finance Act for 2019).

## 9. UK residents are now required to appoint a tax representative on the sale of their holiday home in France.

Since the UK finally left the EU at the end of last year, UK nationals not resident in France have ceased to benefit from the exemption to appoint a '*représentant fiscal*' on the sale of French real estate.

The obligation arises irrespective of whether you make a loss or a gain on the sale of the property.

The process is often very opaque and expensive for sellers, who need to be alert to it and to act with caution.

## 10. Travelling in France after BREXIT

From 1 January 2021, British nationals will be subject to more thorough checks. Travelers from the UK are required to present themselves in advance at the border crossing point when travelling to the EU. At the border crossing, they will have to go through the "third-country national" queue, instead of the "EU / EEA / CH" queue.

They will need a long-stay visa if they wish to stay in France for more than 3 months.

For a shorter stay (maximum 90 days per period of 180 days) or transit to another Member State or the Schengen area, British nationals do not need a visa. They will need to:

- present their passport, which will be stamped on entry to and exit from the Schengen area;
- be able to prove that they have sufficient resources to support themselves during their stay;
- have an insurance certificate covering all medical, hospital, and death expenses likely to be incurred during their stay in France, including the cost of repatriation for medical reasons.

These conditions do not apply to British nationals and members of their families residing in France before 31 December 2020.

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, modelling, 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>

### **11. 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](https://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 update any user changes of your French property. Contact us if you need our assistance.**

### **12. 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.

Please find a spreadsheet summary for helping you understanding the different changes.

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 €

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



ADVICE FRANCE  
Melle Sarah VEDRENNE  
273 Chemin de Chipre  
34725 St FELIX DE LODEZ  
SIRET 480 260 512 00011

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.