

VERSION ANGLAISE



# FINANCIÈRE ACCRÉDITÉE

A company certified by the French Direction Générale des Impôts (General Tax Authority)  
to act as a tax representative  
in matters of capital gains realised by

## NON - RESIDENTS

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Dear Sir, Madam,

You are domiciled outside of the European Union, Iceland or Norway for tax purposes and you are getting ready to sell your property in France.

The French government requires that you appoint a tax representative who will be in charge of calculating the tax due on capital gains on real property and of guaranteeing the payment of such tax.

Our Company was specially certified by the French Ministry of Finance on 14<sup>th</sup> February 1994 to guarantee sales by non-residents of property in France.

Our guarantee is valid for four years; after that period, your file is closed.

**The services of**  
**FINANCIÈRE ACCRÉDITÉE**  
provide you with the following advantages

- **Peace of mind:** Our team of lawyers sets up your file in cooperation with your Notary, your Legal Advisor or your estate agent.
- **Speed:** Our team of lawyers provides you with its expertise and adapts rapidly to your requirements.
- **Moderate cost:** Our fees are deducted in the calculation and are payable by withholding on the sale proceeds.
- **Funds availability:** As soon as the Deed of Sale is signed, you receive the proceeds of the sale under deduction of our fees and any potential tax due; it is not usually necessary to hold the funds.

**Tax representation and declaration obligations**

	Designation of a tax representative	Tax declaration
<i>Individuals domiciled outside of the European Union*, Iceland or Norway, owning the property:</i> <ul style="list-style-type: none"><li>• directly,</li><li>• indirectly, through a company or entity whose registered office is located within the European Union, Iceland or Norway.</li></ul>		
Sale Price ≤ €15,000	no	no
Sale Price (1) (2) > €15,000 and ≤ €150,000	no	yes
Sale Price (1) (2) > €150,000	yes (3)	yes
Property held for more than 30 years (regardless of the sale price)	no	no
<i>Legal entities whose registered office is located outside of the European Union, Iceland or Norway, owning the property:</i> <ul style="list-style-type: none"><li>• directly,</li><li>• indirectly, through a company or entity whose registered office is located within or outside France.</li></ul>		
All cases	yes	yes

(1) Or proportion of the sale price attributable to all the shares owned by the non-resident shareholders, whether an individual or a company.

(2) In the event of co-ownership (except for a married couple or a couple in a civil partnership) this amount is assessed for each vendor.

(3) Designation compulsory even if there is an exemption or no capital gains tax to pay

\* Member states of the European Union: Austria, Belgium, Bulgaria, Cyprus, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

# Capital gains tax for non-residents

## Rules in force as at 1 January 2016

### Deductible expenses

- ⇒ Acquisition made in exchange for payment:
  - either a flat-rate amount of **7.5%** of the purchase price, not including furniture (this fixed amount covers all costs, including commissions paid to intermediaries)
  - or for their actual amount, with supporting documentation.
- ⇒ In the event of a free acquisition:
  - solely the actual amount of costs incurred (included gift duties), with supporting documentation.

### Work

- ⇒ Either their actual amount with supporting documentation (excluding materials and labour costs)
- ⇒ Or a fixed sum of **15%** of the purchase price if the developed property is held for more than five years

- ⇒ **Reduction if the property has been owned for more than 5 years**

No. of full years of occupation of the building sold	Rate of tax reduction on capital gains	Rate of reduction of social levies
0 to 5	0%	0%
6	6%	1.65%
7	12%	3.30%
8	18%	4.95%
9	24%	6.60%
10	30%	8.25%
11	36%	9.90%
12	42%	11.55%
13	48%	13.20%
14	54%	14.85%
15	60%	16.50%
16	66%	18.15%
17	72%	19.80%
18	78%	21.45%
19	84%	23.10%
20	90%	24.75%
21	96%	26.40%
22	100%	28%
23	Exemption	37%
24		46%
25		55%
26		64%
27		73%
28		82%
29		91%
30		100%

### Exceptional reduction of 30%:

on the condition that there are no relations with the seller

- Selling a building plot in return for payment:
  - preceded by a promise of a sale having been certified between 01/09/2014 and 31/12/2015
  - carried out, at the latest, by the 31<sup>st</sup> December on the second year pursuant to when the promise of sale was certified.
- Sale of real estate for the demolition or reconstruction of residential premises in tense areas:
  - if the sale is preceded by a promise to sell that has been certified between 01/01/2015 and 31/12/2015
  - the seller shall agree to demolish the buildings with a view to building residential premises.

**Exemption for 1<sup>st</sup> sale of normal place of residence** in France by an EU citizen or of another state and able to invoke a non-discrimination clause, limited to a taxpayer's place of residence at to €150,000 net taxable capital gains, upon the condition you:

- have been resident in France for tax purposes for at least two consecutive years
- sell the property:
  - at the latest on the 31 December of the fifth year following the transfer outside France of the seller's domicile
  - without time condition if the seller has had free use of the property since the 1 January of the year prior to the sale.

**Rate** (excl. tax set out in Art. 1609 nonies G of the French General Tax Code): **19% + 15.5%**

### Specific provisions for foreign entities

- ⇒ Acquisition costs are deductible solely for their actual amount with supporting documentation
- ⇒ For companies whose registered office is in the EEA (i.e. EU, Iceland, Liechtenstein, Norway): the basis and rate of the tax is calculated according to the corporate tax rules applicable to French legal entities
- ⇒ For companies whose registered office is outside the EEA: the purchase price is depreciated by 2% per full year of ownership (no exemption possible) and the rate applicable is 33.1/3% recurring

# Tax on capital gains from sale of property other than land for construction

*Art. 1609 nonies G of the French General Tax Code*

<b>Total taxable capital gains (CG)</b>	<b>Total tax</b>	<b>Quick calculation</b>
From €50,001 to €60,000	2% CG – $[(60,000 - \text{CG}) \times 1/20]$	7% CG - 3,000
From €60,001 to €100,000	2% CG	2% CG
From €100,001 to €110,000	3% CG – $[(110,000 - \text{CG}) \times 1/10]$	13% CG - 11,000
From €110,001 to €150,000	3% CG	3% CG
From €150,001 to €160,000	4% CG – $[(160,000 - \text{CG}) \times 15/100]$	19% CG - 24,000
From €160,001 to €200,000	4% CG	4% CG
From €200,001 to €210,000	5% CG – $[(210,000 - \text{CG}) \times 20/100]$	25% CG - 42,000
From €210,001 to €250,000	5% CG	5% CG
From €250,001 to €260,000	6% CG – $[(260,000 - \text{CG}) \times 25/100]$	31% CG - 65,000
More than €260,000	6% CG	6% CG

## How to set up your file ?

### ► **Just gather the following documents:**

- Seller's property title
- Draft deed of sale or preliminary contract

### ► **Additional necessary documents depending on your personal circumstances:**

- **For legal entities:** Updated bylaws
  - Whose registered office is outside of the European Union, Iceland or Norway:  
Supporting documentation proving that the formalities relating to the 3% annual tax have been carried out.
  - Whose registered office is in Liechtenstein:
    - A copy of the trade register that is less than three months old.
    - Accounting and tax documentation such as last balance sheet, corporate tax return, etc.

### ► **In order to optimize your calculation, you are invited to provide the following documents:**

- Details/vouchers for costs related to the sale (surveys, agency fees, withdrawal fees).
- Invoices for works and proof of payment.
- Invoices related to the purchase of furniture if the sale includes furniture.
- Supporting documentation proving the acquisitions costs.

### ► **And send them to us:**

**By post**

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75008 Paris

**By fax**

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**By mail**

contact@financiereaccreditee.com



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