

EXPATRIATES

France

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

Individuals who are not French tax residents are taxed on income they earn in France (i.e. French source income). French source income includes rental income from French properties, wages for workdays performed in France, dividends from French companies, gains on French real estate or on shares owned in French companies, and business profits located in France.

French debtors may be required to withhold tax on French source income paid to non- tax residents.

These rules are subject to the tax treaty concluded between France and the State where the individual is a tax resident (122 locations currently).

Generally, a personal income tax return must be filed each year per family even if French tax was withheld.

The tax deadline to file the return is around the end of May of the following year with a small extension for online tax filing (income earned in 2019 must be declared in May 2020).

The tax due is directly computed by the tax authorities based on the information provided in the tax return. A tax bill indicating the tax due is generally sent by the French tax authorities between September and December.

The taxable income is determined according to the rules applicable to each type of income (wages, rental income, dividends, gains on shares, professional income, etc.).

The tax computation depends on the family size. Taxable income is divided by a certain number called “part” depending on the family size (i.e. 1 part for a single, 2 parts for spouses, 3 parts for spouses with 2 children). The brackets are applied to the divided amount. Then, the tax is multiplied by the number of parts. The advantage linked to this computation is capped.

As a result, a minimum 20% rate is applicable for non-residents and 30% above a certain threshold of net taxable income (EUR 27,794 for income received in 2019).

BREAKING RESIDENCY - EXIT PROCEDURES

There is no specific procedure to break French tax residency. The individuals indicate their foreign address and the date of move in their annual tax return. They are then considered as a non-French tax residents by the tax authorities. The tax deadlines remains the same.

An exit tax may apply when the individual has latent gains on shares. A specific form must be filed at the same time as the income tax return, or at least 30 days before the departure date when an individual moves for non-professional reasons. The payment of the exit tax can be postponed until the effective sale of the shares.

INCOME TAX RATES

Tax rates	Taxable income
0%	€ 0 - € 10,064
14%	€ 10,064 - € 27,794
30%	€ 27,794 - € 74,517
41%	€ 74,517 - € 157,806
45%	Over € 157,807

A non-French tax resident is taxed at a minimum rate of 20% from the first Euro earned and 30% above a certain threshold of net taxable income (EUR 27,794 for income received in 2019).

The progressive tax rates above apply if the average tax rate is higher than the rate applicable for nonresidents.

Surtax on High Income

A surtax is applied in the following cases:

- Single: 3% of the taxable income between €250,000 and €500,000, 4% over €500,000;
- Married people: 3% of the taxable income between €500,000 and €1 Million, 1.4% over €1 Million.

SOCIAL TAX RATES

In principle, French social security contributions are not due if the work is not performed in France.

An individual can remain under the French social regime even if they work abroad, provided that they are in the EU or in a country that has entered into a Totalization Agreement, and remains employed by French company.

For this purpose, the company and individual should obtain a Certificate of Coverage from the French social tax authorities.

CSG/CRDS

CSG/CRDS are additional taxes dedicated to finance social security regimes. They apply to rental income and to gains on French real estate for non-residents at 17.2%.

REAL ESTATE PROPERTY TAX

Taxpayers with net assets above €1.3 Million are liable for a wealth tax through a progressive tax scale based on the value of their net assets.

Every item of asset was included, such as real-estate properties, balance in bank accounts, shares, vehicles etc.

The tax is only assessed on real estate property (and shares of real estate companies) on assets above €1.3 Million. Others assets of the taxpayers are no longer subject to this tax.

The tax scale remains the same and is as follows:

Part of the taxable net assets	Rate
Up to 800 000 €	0 %
From 800,001 € to 1,300,000 €	0.5 %
From 1,300,001 € to 2,570,000 €	0.7 %
From 2,570,001 € to 5,000,000 €	1 %
From 5,000,001 € to 10,000,000 €	1.25 %
Above 10,000,000 €	1.5 %

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