



Tax representative

*Taxation on real property
capital gains in France*

Find all our contact details on our website

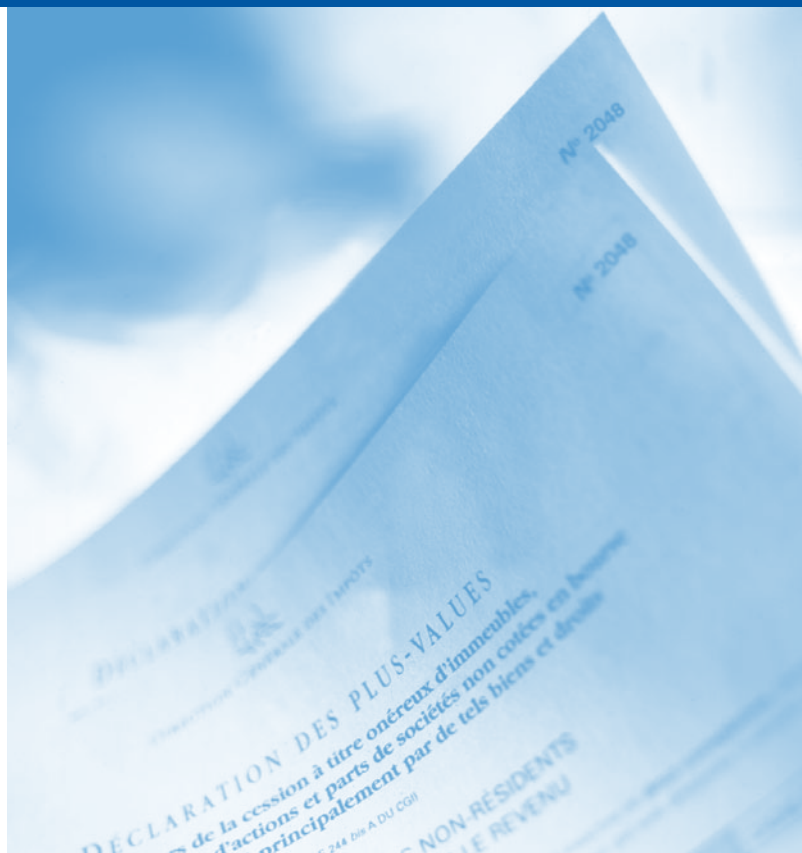
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ESTABLISHMENT CERTIFIED SINCE 1983
BY THE FRENCH TAX ADMINISTRATION
TO SERVE AS TAX REPRESENTATIVE
FOR NONRESIDENTS.

S.A. AU CAPITAL DE 4 000 000 € - RCS PARIS 325 624 914

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*You are about to sell a property in France,
this leaflet gives you information
regarding your tax obligations.*



1 Are you non-resident?

- Yes, if, on the day of the sale, your worldwide income is taxable outside France.

2 What are the obligations for individuals selling property in France?

- If you have owned the property for less than 30 years*, you must:
 - file a **capital gains tax declaration**, even if you have no tax to pay;
 - **appoint a tax representative**, if your share of the sales price exceeds € 150,000;
 - and pay the tax (**33.1/3%** of the chargeable gain). The rate is reduced to **19%** for persons that pay their tax in the European Economic Area (EEA)**.

3 Are building works deductible?

- Yes:
- Either: a fixed allowance equal to 15% of the original purchase price is applied if you have owned the property for 5 years or more. No receipts are required. For built properties only.
 - Or: actual costs paid for building, rebuilding, extension or improvement works may be deducted if carried out by a registered builder. Invoices and proof of payment by the owner are required. NB: renovation and maintenance works, purchases of materials, and works that have been claimed for deduction elsewhere are not deductible.

4 When furniture is included in the sale, how is the chargeable gain calculated?

- The price of furniture and furnishings sold with the property is deducted from the chargeable gain if proof of their value is provided (invoices or an official valuation).

5 Can I be exempt from capital gains tax?

- Citizens of the EEA** who have been residing and paying taxes in France for at least 2 consecutive years, who have not rented the property since January 1st of the year preceding that of the sale, and who are making their first taxable sale since 01/01/2006;
 - Beneficiaries of an old age or disability pension (subject to income assessment).
 - If you have owned the property for more than 30 years, if the sales price is less than 15,000 Euros, or in case of expropriation.
- Consult us to find out which conditions apply to your particular situation.

6 Which conditions apply to French SCI's?

- A tax representative must be appointed if the total share held by non-residents is sold for more than 150,000 Euros and if at least one shareholder is a foreign company.

7 What about foreign companies?

- A tax representative must be appointed in all cases.
- The chargeable gain is calculated differently: the fixed allowances of 7.5% and 15% do not apply, obligatory depreciation of the acquisition price (buildings)..
- The exemption for length of ownership **does NOT apply**.
- The chargeable gain is taxed at the rate of 33.1/3% (or 50% for 'ETNCs' – non-cooperative territories and states).
- Only building, rebuilding and extension works are deductible (invoices required, with proof of payment by the company).
- Specific rules for European companies.
- The tax representative also guarantees the payment of the 3% annual tax, calculated on the market value of the property (section 990 E of the French Tax Code) (for non European companies).

8 What happens after the sale has gone through?

- Your tax return can be audited during the next 4 years or more.
- Your tax representative has to justify the calculation of the tax and defend your position.

9 What does a tax representative do for you?

- They sign your capital gains tax return.
- They guarantee that the return is correct.
- They undertake to pay any tax and penalties in the event of an adjustment
- Their liability is unlimited.

10 Who can be a tax representative?

- Either a company accredited by the French tax authorities.
 - Or, with special approval, any person residing in France. Approval can take some time as the tax status of your representative has to be verified.
- Notaries and French Avocats are NOT allowed to be tax representatives (BOI 8M-1-05, §47).

11 What are the advantages of being represented by Sarf?

- The quality of our advice and service is backed by 25 years' experience.
- We will process your file in 24 hours.
- Sarf has led the competition in the profession since 1983.
- You are assigned a personal legal advisor to take care of your file who is specialised in their field.

12 How does Sarf receive its fees?

- Our fees, which are paid out of the proceeds of the sale, are deducted from the chargeable gain.

*When selling land which you have built on less than 30 years ago, or when a property is sold by a foreign company, a capital gains tax declaration must be filed even after 30 years of ownership.**Except Liechtenstein.