



FRANCE - September 2017

ARE YOU ONE OF THE 80 PERCENT ABOUT TO STOP PAYING PROPERTY TAX IN FRANCE? 1
WEALTH TAX PROPERTY VALUATION REJECTED..... 1

Are you one of the 80 percent about to stop paying property tax in France?

The government has revealed who exactly will benefit from its plans to abolish residential property tax (taxe d'habitation) for 80 percent of people living in France.

The move to abolish the tax for 80 percent of people living in France by 2020 has been championed by French President Emmanuel Macron and Prime Minister Edouard Philippe alike.

And on Wednesday, France's Minister of Public Action and Accounts revealed exactly who the changes will affect.

For couples without children, those with an income of less than €48,000 (or €43,000 post-tax) will be exempt, as will couples with a child who bring in less than €54,000 (€49,000 after tax).

And single people with an income of less than €30,000 (€27,000 post-tax) won't have to pay the tax deemed "unfair" by the prime minister, once the changes come into effect.

Edouard Philippe announced at the end of August that "from 2018, 30 percent of French people would benefit from the exemption."

"Property tax is a bad tax, an unfair tax, the basis for which was set in the 1970s without taking into account the development of towns, or areas. Our objective is to reflect on how to have a more intelligent local tax system," said Philippe.

At the moment, the tax represents 36 percent of the tax income for the local districts, with Macron promising that the state will compensate for the deficit to the nearest euro.

Property tax, paid on primary residences as well as second homes, is often criticized for being unfair due to the fact that it can be higher in poorer districts than wealthier ones.

This relates to the fact that the tax rates were set in the 1970s, according to the land registry valuations of the time, many of which have changed in the intervening decades.

Wealth Tax Property Valuation Rejected

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

A couple who sought to reduce their French wealth tax bill by a low valuation of their home face an additional tax bill of €250K.

The couple were owners of a luxurious 1,000m² villa situated on an elevated site in the commune of Roquebrune-sur-Argens, in the department of Var on the Cote-d'Azur.

The property enjoyed a panoramic view overlooking the bay of Saint-Raphaël, widely regarded as one of the most beautiful bays in the world.

At stake for the couple was a substantial increase in their wealth tax bill for the three years 2008-2010, imposed by the tax authority in 2011 following a tax inspection, which resulted in a re-valuation of their home.

The additional bill presented to the couple amounted to over €250,000, a sum which included penalties and interest.

In their wealth tax (Impôt de solidarité sur la fortune - ISF) declarations for the three years in question, the couple had declared the value of their home in 2008 at €1,030m and €740,000 for 2009 and 2010.

As part of the proceedings they obtained independent valuations, which ranged from €1,487,000m to €3,290,000, valuations that were not accepted by the court as the elements of comparison used were considered to be deficient.

The tax authority estimated the value of the property at around €6million - €5,940,000 for 2008, €6,072,000 for 2009 and €6,231,000 for 2010.

In arriving at their valuation the tax authority used comparisons from neighbouring communes, which they justified on the grounds that that there was no comparable property in proximity to the villa, an approach the couple contested.

The tax authority also produced evidence of an advertisement for the sale of the property on a website, with a sale price of €6,800,000, describing it as 'une propriété d'exception'.

The couple argued that in coming to their valuation the tax authority had ignored the presence of a mobile telephone mast located at the rear of the property, which they considered depreciated the value of the property.

The court rejected any discount for the mast as it was barely visible from the property and did not affect the panoramic view of the bay.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or anyh opinions expressed in the articles.