



FRANCE - September 2017

WEALTH TAX PROPERTY VALUATION REJECTED..... 1

Wealth Tax Property Valuation Rejected

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.

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