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HOLIDAY HOMES AND THE TAXE D'HABITATION 1

Holiday Homes and the Taxe d'Habitation

Second homes in some areas of France are subject to a surcharge on their local rates.

Whilst the French government seems intent on abolishing the taxe d'habitation for principal home owners, the outlook for those with a holiday home is less sanguine.

Not only will the tax 'or equivalent' be maintained for second homes, but those located in areas of housing stress are facing an increased rates bill.

Introduced under François Hollande and maintained by Emmanuel Macron, this surcharge on the taxe d'habitation sur les résidences secondaires has existed since 2015.

The law gives local councils the choice of whether to impose a surcharge, and an increasing number have decided to do so.

Originally, when it was introduced in 2015 the permitted percentage increase was a uniform 20%.

Since 2017 the law allows the councils to increase the tax by between 5% and 60%.

Only those councils located in an agglomeration of more than 50,000 inhabitants can implement the surcharge, "where there is a marked imbalance between the supply of and demand for housing leading to serious difficulties of access to housing throughout the existing residential stock".

These areas are called 'zones tendues', corresponding to 1,151 communes in 28 agglomerations. Hence the name "surtax d'habitation pour les résidences secondaires en zone tendue".

The agglomerations of housing stress are: Ajaccio, Annecy, Arles, Bastia, Bayonne, Beauvais, Bordeaux, Draguignan, Fréjus, Genève–Annemasse, Grenoble, La Rochelle, La Teste-de-Buch–Arcachon, Lille, Lyon, Marseille–Aix-en-Provence, Meaux, Menton–Monaco, Montpellier, Nantes, Nice, Paris, Saint-Nazaire, Sète, Strasbourg, Thonon-les-Bains, Toulon, and Toulouse.

The main purpose of the tax is to try and counter the growth of short-term holiday lettings offered via platforms such as Airbnb, Abritel and HomeAway.

Accordingly, homes that are let out to tenants on an annual basis are not subject to the tax, which is then paid by the tenant.

The hope of lawmakers is that the tax will incite second-home owners to let their property out on an annual basis, although it seems a highly improbable idea that owners of holiday homes would sacrifice use of their property to escape the tax increase!

Latest figures from the government show that 207 councils have decided to impose the charge, equivalent to 18% of those entitled to do so.

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The overwhelming majority have imposed an increase of 20%, although a small number have set it at the maximum rate of 60%.

Those councils that have set it at the highest rate are:

Mouans-Sartoux
Saint-Nazaire
Bidart
Ghethary
Ustaritz
Gaillard
Saint-Cergues
Saint-Julien-en-Genevois
Vetraz-Monthoux
Paris
Bagnolet
Montreuil-sous-Bois
Ferney-Voltaire
Saint-Genis-Pouilly
Collonges-sous-Salève (2018)
Nice (2019)

On a departmental level, the departments with the largest number of councils who have imposed the surcharge are Alpes-Maritimes (41 in total) Haute Savoie (27) and the Pyrénées-Atlantiques (19), although it covers the whole of the city of Paris.

In addition to the taxe d'habitation, property owners are also subject to the taxe foncière, a tax imposed by the departmental councils. No surcharge applies on this tax, although it is possible that if the government proceeds with complete abolition of the taxe d'habitation on all properties this may change.

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