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WHAT PROPERTY TAXES CAN I EXPECT IN PARIS? 1

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From stamp duties to other fees, buying in the City of Lights has many costs

Paris may be a dream destination, but it comes with a cost. Taxes in France are high, and the capital city is no exception.

Buyers in Paris will have to pay stamp duties on the purchase, according to Jessica Duterlay, a tax associate at Attorney-Counsel, a law firm with offices in the U.K. and France.

Buyers should expect to pay about 8% of the purchase price in stamp duties, plus a registration fee of 5.8%. Buyers pay the notary's fees as well, which are approximately 1% of the cost of the property.

New construction and homes bought off plans have a separate tax structure, according to the French tax firm Roche & Cie. Buyers pay about 2% in transfer and registration fees, plus a value added tax, or VAT, at the rate of 20% on the purchase price. The amount of registration fees included is 0.7% of the purchase price.

Once the property is purchased, there are a few regular taxes to consider.

Taxe Foncière, or property tax, is paid annually by the owner. The tax is based on "the cadastral income" of the property, which is determined by halving its rental value, Ms. Duterlay explained.

Tax rates for the *Taxe Foncière* vary depending on the location and condition of the home, according to Roche & Cie, but the *taxe foncière* rate for a primary home is around 1%, and 3% for secondary homes.

Taxe d'Habitation, or the housing tax, is paid by the person living in the home. If the property owner lives there, he or she will pay this levy as well. If the home is rented, the current occupant will pay it.

This tax is also based on the cadastral rental value of the house and any outbuildings, Ms. Duterlay said. It's currently being phased out for many Parisians, but second-home owners and high-income households will still be charged, as reported previously by Mansion Global.

There's also the wealth tax, or *Impôt sur la Fortune Immobilière*, to consider, according to Ms. Duterlay. Homes with a net taxable worth of over €1.3 million (US\$1.6 million) are subject to the tax, although debt on the property and taxes already paid may reduce the taxable amount. The rate ranges from between 0.5% to 1.5%.

International Property Tax Institute

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