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WHAT EXACTLY IS THE FRENCH PROPERTY TAX AND DO I HAVE TO PAY IT?	1
HOMEOWNERS IN FRANCE HIT BY TAX RISE SHOCK.....	3

What exactly is the French property tax and do I have to pay it?

If you own a property in France you will have either just received or be about to receive a fairly hefty tax bill, but what exactly is the taxe foncière, how is it calculated, and who gets all the takings?

The taxe foncière is a tax paid by all property owners in France. It is separate to the taxe d'habitation, which is paid by whoever occupies the property (whether they are an owner or a tenant) and applies to anyone who owns a building or land.

The taxe d'habitation is slowly being phased out (except for second homes) but the taxe foncière is here to stay, and in fact in many areas is increasing quite steeply.

We hope you're good at maths, because the formula used to calculate this is pretty complicated.

First you take the rentable value of your property - how much you could expect to get if you rented it out. You don't get to calculate this, it's calculated for you by your local authority, under the auspices of a formula set by the French finance ministry. Many areas have been using a formula that was years old (in some cases dating back to the 1970s) to calculate rentable value, but over the past three years many local authorities have requested a reevaluation from the finance ministry, with the result that in some areas tax bills have jumped sharply this year.

Once you have the rentable value you then divide it by two, then multiply it by the tax level set by your local authority.

The local authority's tax rate varies hugely from place to place, which is why two people with similar sized homes in different areas can end up with wildly different bills.

In fact to make it more complicated it's actually three local authorities - the commune, the département and the région - which all set their own tax rates then divide up your tax to pay for local services.

The good news is that you don't need to do all this maths yourself, your local authorities will calculate it all then present you with a single bill, known as the avis d'impôt.

What happens then?

Well if you agree with it you pay it, the deadline for payments this year is October 15th.

If you don't agree you can challenge it. You can't argue with your local authority's tax rate, but if you feel that the rentable value that they have given you is wildly unrealistic then you can challenge that.

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The rentable value (valeur locative) is printed on your bill so you can see how they have calculated it. As mentioned many people will see a big increase this year, but that's more likely to be because they were previously under paying due to an out-of-date formula than because the new calculation is not right.

However if you feel that the rentable value they have given you is simply unrealistic then you can challenge it, although any challenge must be received by your local authority within two months of getting the bill otherwise it will not be considered.

If you've added any major features such as a conservatory, garage or swimming pool this must be declared and is likely to increase the rentable value of your house.

Does everyone have to pay it?

The tax is for everyone who owns a building, regardless of whether they live in it full time or not. It's also payable on land, although at a much lower rate, so if you've bought a plot but haven't yet started building your dream home you will still be paying tax.

It's billed from January 1st, so if you've bought a place in the last nine months, you won't have to pay until next year. Likewise if you have recently sold a building or plot of land you will still be liable for the tax.

Vacant properties are still liable for tax, even if you're doing renovation work and it's currently uninhabitable.

However there are some exemptions and certain groups are eligible for a discount.

New buildings - if you have built a brand spanking new home you don't have to pay tax foncière for the first two years, provided you have registered your new-build with the tax authority within 90 days of completion. There are also discounts available if you have done works on the energy efficiency of your home.

Discounts - there are discounted rates available if you are over 75, have a registered disability or are in receipt of certain types of benefits.

Landlords - if you are renting out your property and you are unable to find a tenant, or are carrying out major works that means the property is uninhabitable, you may be eligible for a discount. The property must have been vacant for at least three months and if you are doing building works you will need to provide proof.

Is that the end of the tax demands?

No, you may also be paying the taxe d'habitation. As mentioned above, this is in the process of being phased out, but certain areas will still be billed for it this year. And if your property is a second home you will continue paying the tax indefinitely. Bills for this generally arrive in the autumn.

And in some areas your tax foncière bill will also include a waste collection charge or taxe d'enlèvement des ordures ménagères (TEOM) set by your commune. The exemptions mentioned above do not usually apply to this charge.

French vocab

Taxe foncière - property tax

Taxe d'habitation - household tax

Avis d'imposition - tax demand

Valeur locative - rentable value

Logements neufs - new-build homes

Base d'imposition - tax rate

Propriété bâtie - land occupied with a home or business building

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Propriété non-bâtie - land with no building on it. This includes an empty plot of land, mines or marshes

Taxe d'enlèvement des ordures ménagères - waste collection charge

Homeowners in France hit by tax rise shock

Homeowners in France face bad news as property tax bills have shot up this year - in some areas rising by 136 percent.

Anyone who owns a home in France will be receiving a letter or email from the tax authorities concerning their taxe foncière - the tax that building owners must pay in France.

And the bad news is that in many areas the bill is likely to be significantly higher than last year.

The tax is set by local authorities, so varies from region to region and département to département, but French newspaper Le Parisien reported that in some areas of France, including the Auvergne and Isère, the increases were up to 136 percent.

Why the increase?

Well it could be to do with the abolition of the taxe d'habitation (household or council tax). The taxe d'habitation is paid by the person who lives in the property, rather than the person who owns it, and had been widely criticised for being unfair and outdated.

The French government has been slowly abolishing the taxe d'habitation for most residents as promised by Emmanuel Macron as part of his 2017 election manifesto.

While most people were delighted at the thought of paying less tax, it created rather a headache for local authorities, who collect the tax and is a key part of their budget.

There has therefore been speculation that the increase in the taxe foncière is a way for local authorities to fill the hole in their coffers.

Pierre Hautus of the Union nationale des propriétaires immobiliers (national union of real estate owners) told Le Parisien: "It is a way to increase the tax yield for local elected officials while the abolition of the housing tax continues".

Is that true?

Well the government denies that and says there is "nothing extraordinary this year" and the increases are simply due to reevaluations of the rental value of properties - which is what the tax rate is based on.

A total of 134,000 properties in France have been reevaluated over the course of 2017/2018, since many of the previous valuations were done in the 1970s.

"They take place on a case-by-case basis, at the request of the departmental director of the public finance centre," said a spokesman for the French finance ministry.

"Such operations are carried out each year in all départements, depending on local issues, it is specified.

"They resulted in a review of the assessment of approximately 134,000 premises in each of the years 2017 and 2018. In 2016, 149,000 premises were re-evaluated.

"Clearly: there has been no disguised increase in local taxes in recent years."

Is there any way to challenge the bill?

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Home owners may contest the level of the increase - particularly if they have done no significant work or renovation on their home in recent years - but the challenge must be lodged with the local authority within two months of receiving the tax demand.

If you have not challenged it in time, you must pay by mid October.

Is there any good news for home owners in France?

Not really, especially for second home owners, who in some areas are subject to extra taxes.

Although the taxe d'habitation is in the process of being scrapped for the majority of people, the exception to that is second homes, so if you own a second home you will continue to pay both the taxe d'habitation and the taxe foncière.

If you own a second home in a zone tendue - an area where there is a designated housing shortage - the local authorities are also allowed to drastically increase your taxe d'habitation.

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