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Are Property Taxes Going Up In France?

The rise is due to revaluation of property values, not legislation

Taxes foncières in France, which are paid by the property owner, went up 34.7% in the 10 years between 2008 and 2018, according to a study published last week by the Union Nationale des Propriétaires Immobiliers (UNPI), an association of private real estate owners in France.

By contrast, rents rose by 9.34% and inflation by 9.91%, according to the report, which is based on tax rates published on the Internet portal of the General Directorate of Public Finance and that of the General Directorate of Local Authorities.

“The property tax has increased 3.7 times faster than rents and 3.5 times faster than inflation,” said Christophe Demerson, president of UNPI, said in a translated statement.

However, generally, the rise is not because municipalities are increasing rates. Instead, it’s because of the ongoing revaluation of properties going on across the country, Mr. Demerson said in the report.

“By example, in Isère, several tens of thousands of homeowners saw their tax rise by 13% on average,” he noted.

Meanwhile, Taxe d’Habitation, a residence tax paid by the occupant of a dwelling, is going down for most taxpayers, as the country is incrementally doing away with the levy.

“A tax rebate on the main residence and its outbuildings has been set up,” according to Jessica Duterlay, a tax associate at Attorney-Counsel, a law firm with offices in London and Nice, France. “Thus, 80% of the population will be phased out of [the tax] gradually over three years [by] 2020.”

However, there’s a limit to the individual’s taxable income, and residents with higher taxable income will not be eligible for the rebate. The limit starts at €27,000 (USD \$30,000) for an individual and rises depending on the size of the household, Ms. Duterlay explained.

In addition, the rebate only applies to principal residences, Ms. Duterlay pointed out. And some second-home owners could be charged an additional tax if they live in “a municipality where the tax on vacant housing applies.”

Tax foncière deadline coming up

Taxe foncière is payable by those who owned a house or flat on January 1, 2019

International Property Tax Institute

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Bills for the homeowners' local property tax – *taxe foncière* – are coming up for payment on October 15, but in most cases should not have risen steeply compared to 2018.

As usual, it is payable, apart from in the case of certain exemptions, by anyone who owned a property (or land, for the *taxe foncière sur les propriétés non bâties*) on January 1, 2019, whether or not they live in it.

With local elections due next year most *mairies* have not taken the risk of any sudden hikes according to a study by local tax information specialists Cabinet FSL.

In some towns the rates applied by the *mairies* have even notably dropped, such as a reduction of 5.1% by the *mairie* of Nice meaning that, combined with the part of the tax for the departmental council, a couple with an average property there will this year pay €1,178 rather than €1,233 last year.

In most cases where there are rises these are due to the across the board annual increase in the theoretical rental value of properties used to calculate the local taxes (*valeur locative cadastrale*), which this year was 2.2%. This is voted for by Parliament each year and takes into account inflation.

Meanwhile, plans to apply a thorough reform of the *valeurs locatives cadastrales*, which were last properly worked out based on market values in the 1970s, is now expected to apply only from 2026. In theory this should not mean across the board increases but would make the local taxes fairer by more accurately reflecting the desirability or otherwise of certain areas today.

A veritable *serpent de mer* (project regularly mentioned but always put off) – successive governments have talked about tackling this.

Also controversial is a plan by the government to give the part of this local tax that goes to the departmental councils to the *mairies* instead from 2021 (they would instead get part of the VAT revenues). Departments already only receive money from the tax for buildings, not on unbuilt land.

The dates to remember this month are as follows:

- Tuesday October 15 – the payment deadline for *taxe foncière* for those who do not pay by direct online payment by internet or smartphone or tablet application. This is also the date of the tenth and final annual payment for those who are set up to pay in regular direct debit instalments by *mensualisation*.
- Sunday October 20 at midnight – the limit for payment by internet, smartphone or tablet. The money will be debited from your account on October 25.
- Thursday October 31 – the limit for signing up for *prélèvement à l'échéance* for payment of your *taxe d'habitation* (unless you live in Guadeloupe, Martinique or Guyane in which case it is November 30). If opting for this you will be automatically debited on November 25, as opposed to this tax being payable on November 15.

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