

FRANCE AT A GLANCE 2021 EDITION

INCOME TAX RATES			
Single person income bands	Rate	Tax on band	Cumulative tax
€ 0 – 10,084	0%	Nil	Nil
€ 10,084 – 25,710	11%	€ 1,718	€ 1,718
€ 25,710 – 73,516	30%	€ 14,341	€ 16,059
€ 73,516 – 158,122	41%	€ 34,688	€ 50,747
Greater than € 158,122	45%	–	–

Investment income is taxed at a flat rate of 30% (this includes social charges of 17.2%)

Parts (The tax bands are widened for married couples and households with children.)

	Number of parts
Single person	One part
Married couple	Two parts
Couple with one child	Two and a half parts
Couple with two children	Three parts
Couple with three children	Four parts

HIGH INCOME EARNERS - ADDITIONAL TAXES		
Single person income bands	Married couple income bands	Rate
€ 0 – 250,000	€ 0 – 500,000	0%
€ 250,000 – 500,000	€ 500,000 – 1,000,000	3%
Greater than € 500,000	Greater than € 1,000,000	4%

SOCIAL CONTRIBUTIONS

In addition to income tax, France levies so-called social contributions totalling 17.2% on unearned income. Non residents pay this on French source rents and gains on property sales. The rate for non-resident EU citizens is 7.5%

PAYROLL TAXES

Under the French system both employees and employers must pay substantial contributions to the social security and pension authorities calculated on the basis of monthly salary slips. By way of example:

Gross annual salary	Employee deductions	Employer contributions
€ 22,000	23%	20%
€ 50,000	21%	36%
€ 100,000	20%	44%

The employer contributions are in addition to the employee's deductions.

Payment of income tax at source (French P.A.Y.E. system)

All sources of earned income are subject to deduction of income tax at source. Employers have to deduct income tax on monthly payslips of employees. Self-employed taxpayers and rental landlords suffer direct debits to their bank accounts. Taxes are paid on a current year basis, with an annual calculation of any over- or under-payments.

MICRO-ENTREPRENEUR (FORMERLY AUTO-ENTREPRENEUR)

Start-up businesses may opt for this regime whereby they pay income tax and social security contributions based on a fixed % of their actual sale receipts. The system precludes the making of tax losses for set off against future profits. Micro-entrepreneurs are not liable to VAT unless turnover exceeds € 85,800 (Goods) or € 34,400 (Liberal professions)

	Turnover limits	Total income tax & social contributions
Trading in goods	€ 176,200	13.9%
Liberal professions	€ 72,600	24.4%

VERY SMALL BUSINESS (MICRO-BIC)

	Income limit	Expenses deduction	Income tax rates applicable:	
Unfurnished lettings	€ 15,000	30%	General case	Normal scale of tax rates
Furnished lettings	€ 72,600	50%	Non-residents	30% (Max) + 17.2%
Furnished lettings (with accreditation)	€ 176,200	71%	Non-resident EU citizen	30% + 7.5%
Trading in goods	€ 176,200	71%		
Professional services	€ 72,600	34%		

CORPORATION TAX RATES

For accounting periods starting after 1 January 2021	% rate
Turnover less than 10M€ on profits from nil to € 38,120	15.00%
Turnover less than 10M€ on profits above € 38,120	26.50%
Turnover more than 10M€ on total profit	26.50%
Turnover more than 250M€ on total profit	27.50%

The higher rate of corporation tax is being progressively reduced and will be 25% from 1 January 2022

FOREIGN EXCHANGE RATES

Bank of France exchange rates were as follows:

	US\$:Euro	Euro:£
At 31.12.2020	1.2270	1.1249
Average rate 2020	1.1413	1.1253
At 31.12.2019	1.1234	1.145
Average rate 2019	1.1204	1.1815

PROPERTY WEALTH TAX

Wealth tax (IFI) is calculated on the market value of the taxpayer's property assets less related loans and liabilities as at 1 January each year.

	Resident	Non-resident
Basis of assessment	Worldwide properties	French properties
Threshold of liability	€ 1.3 million	€ 1.3 million
Tax bands 2021	Rate	Cumulative tax
€ 0 – 800,000	0%	Nil
€ 800,000 – 1,300,000	0.50%	€ 2,500
€ 1,300,000 – 2,570,000	0.70%	€ 11,390
€ 2,570,000 – 5,000,000	1.00%	€ 35,690
€ 5,000,000 – 10,000,000	1.25%	€ 98,190
Above € 10,000,000	1.50%	-
Principal deductions and exemptions	Resident	Non-resident
Main residence	30%	n/a
Charitable giving		

Loans for the specific purpose of purchasing property (special conditions apply)

New residents in France are liable to tax only on their French situs assets for the first five years of residence. Assets outside France are exempt during that period.

The total of wealth tax and income tax cannot exceed 75% of the taxpayer's worldwide income.

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STAMP DUTY ON SALES OF LAND AND BUILDINGS

On a typical purchase of French real estate the duties and taxes payable by the buyer are:

	Resident	Non-resident
Stamp duties	5.81%	5.81%
Notary fees	1.10%	1.10%
Estate agent fees	2%-5%	2%-5%

VALUE ADDED TAX

	Resident	Non-resident
Standard rate	20.0%	20.0%
Rate on building work (for buildings more than 2 years old)	10.0%	10.0%
Lower rates (applies to electricity, books, food, medical supplies, goods for the handicapped, imported art works).	5.5%	5.5%

CAPITAL GAINS TAX

Real property	Basic	Social charges
General case	19%	17.2%
Non-resident EU Citizens	19%	7.5%
Resident of a non-treaty country	75%	17.2%
Additional tax on real property gains		
Gains less than € 50k		0%
Gains between € 50k – 260k		2%-5%
Gains over € 260k		6%

Average net tax rates

Taper relief applies to relieve the taxable gain. The combined effects of the taxes and the tapering give overall tax rates as follows:

Years of ownership	0-5	6	7	8	9	10	11	12	13	14	15	16	17
Overall tax rate	42.2%	40.4%	38.6%	36.8%	35.1%	33.3%	31.5%	29.7%	27.9%	26.1%	24.4%	22.6%	20.8%
Years of ownership	18	19	20	21	22	23	24	25	26	27	28	29	30
Overall tax rate	19.0%	17.2%	15.4%	13.7%	12.4%	10.8%	9.3%	7.7%	6.2%	4.6%	3.1%	1.5%	0.0%

Quoted stocks and shares

Residents	Basic	Social charges
Residents	Flat tax (Total 30%)	12.8%
The below reliefs are only available if the taxpayer opts to pay the tax at his marginal rate		
- Years of ownership	1-2	3-8
- Taper relief	0%	50%

Non-residents – not liable to either basic CGT or social charges

GIFT AND ESTATE TAX

Exempt bands:	Resident	Non-resident
Transfers of property between spouses on death	Fully exempt	Fully exempt
Lifetime gifts between spouses	€ 80,724	€ 80,724
Lifetime gifts to children per parent per child	€ 100,000	€ 100,000
These exemptions are renewed every 15 years		

Tax bands 2021

€ 0 – 8,072	Gifts to children rates	Gifts to spouses rates
€ 0 – 8,072	5%	5%
€ 8,072 – 12,109	10%	10%
€ 12,109 – 15,932	15%	10%
€ 15,932 – 31,865	20%	15%
€ 31,865 – 552,324	20%	20%
€ 552,324 – 902,838	30%	30%
€ 902,838 – 1,805,677	40%	40%
Excess	45%	45%

DUE DATES FOR TAX RETURNS

Income tax and property wealth tax return	Date
French residents submitting paper returns (first returns and income less than € 15,000)	14 May
Residents and non-residents (electronic submission) - latest date	19 May
Other taxes	Date
Capital gains tax on properties	On date of completion of sale
3% tax on companies owning French land and buildings	15 May
Corporation Tax: year end 31 December	5 May
Corporation Tax: for all other accounting periods	3 months after accounting period end
SCI (Sociétés Civiles Immobilières)	5 May
Estate tax return	Six months after the date of death (12 months for non-residents)
Trusts	Date
Changes to trust terms (Trust 1)	Within one month of the event
Annual return by trustees (Trust 2)	15 June

TAX AUDITS

The time limits given to the French tax administration for commencing tax investigations in the absence of fraud are:

Tax	If return made on time	In absence of a return
Income tax	3 calendar years preceding current year	10 years
Corporation tax	3 calendar years preceding current year	10 years
Wealth tax	3 years	6 years
Estate tax	3 years	6 years
3% tax	3 years	6 years
VAT	3 years	10 years