

# PURCHASING A PROPERTY IN FRANCE

  
Tax consulting  
Pan-asian Int. Singapore

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*Before any real estate investment in France, a foreigner must approach a professional to know the conditions to which this investment will be subjected.*

## What you should know before buying French real estate

### French tax aspects

France has a peculiar and quite important taxation especially if you do not double check with a tax expert each one of your investments. Should you wish to rent your property, French income tax would be levied in some cases. You also have to be aware that if your French assets worth €1.3 Million net or more, you would be subjected to annual wealth tax (IFI). French capital gains are also taxed in France in some cases.

### French purchase procedures

It would be necessary for a Notary to study the nationality

of the purchaser as well as his matrimonial regime. Knowing that it is the law of the location of the property that applies in real estate, the French law will prevail. The consequences on the purchase will be very important for the ownership of the property and for its resale or transmission, as well.

The foreign acquirer may consider forming a company to acquire the assets.

### The benefit of setting up a French company

A French « real estate » private company known as S.C.I. is frequently set up to hold real estate assets, reduce tax

aspects, and simplify ownership and transmissions. Depending on the immovable assets and movable assets held, this company would be entitled to different regimes and liable or not for French taxes.

### Estate planning: anticipating your French succession

Being by essence immovable property, real estate should be discussed before a Notary to anticipate the succession from a civil and fiscal standpoint.

*A French Notary is a Chartered Lawyer specialized in Estate planning : purchase of real estate, succession and matrimonial regimes. His intervention is compulsory to buy real estate. His fees are determined by law, and the Notary also collects the tax which is due.*

## Our Services in France

### - Realtors, Notaries and Banks intermediary

Assisting you in finding the asset you are looking for.

We are working in cooperation with local realtors and Notaries.

We also can assist you for the opening of any French bank account.

### - SCI setup (French company to hold real estate)

Drafting of the Constitution of the company, registration of the company, before or after the purchase of the asset, valuation of the asset if necessary.

- **Organization of bookkeeping and accounting** of the company in case of rental activity.

- **Tax return filing and tax advisory**: concerning rental income tax, capital gains tax, wealth tax, and communal taxes.

- **French Pass compliance** - if needed

- **Introduction to Tax Representative**: at the time of the resale if compulsory depending on your tax residence.

### FOCUS ON THE SALE OF THE SCI SHARES

*Are you liable for Capital gains tax in France in case of sale of SCI shares?*

*When the company mostly holds real estate assets, non-residents are subject to capital gains tax in France if the double tax treaty provides for taxation in France, which is usually the case.*

*Real estate "Prépondérance": the company, at the closing of the three fiscal years preceding the sale, is composed of **more than 50% of its value by immovable property** situated in France and not assigned to its own industrial, commercial or agricultural exploitation, or profession.*

*As soon as real estate preponderance is proven, the sale will fall under the regime of **real estate capital gains of individuals** even if the company is subject to corporate tax.*

*Taxpayers domiciled outside the European Union, Iceland, Norway, and Liechtenstein are required to appoint an accredited **tax representative** if the shares sold have been **held for less than 30 years** and that the share, on the total value of real estate assets held by the company, corresponding to the rights of the transferor, is greater than €150,000.*

*The tax rate is 19%, the social security contributions at the overall rate of 17.20% and the tax on high capital gains referred to provision 1609 G of the French Tax Code are applicable.*



*Pan-asian International* is a Singaporean company created by French lawyers to assist French residents starting a business in Asia as well as Asian residents wishing to invest in French assets, in a safely and wise manner from a legal and tax standpoint.

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