

FRANCE AT A GLANCE 2024 EDITION

INCOME TAX RATES			
Single person income bands	Rate	Tax on band	Cumulative tax
€ 0 – 11,294	0%	Nil	Nil
€ 11,294 – 28,797	11%	€ 1,856	€ 1,856
€ 28,797 – 82,341	30%	€ 16,063	€ 17,919
€ 82,341 – 177,106	41%	€ 38,854	€ 56,773
Greater than € 177,106	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%			
FOREIGN FIRMS ACTIVE IN FRANCE			
There is no longer the requirement to appoint a French resident representative to carry out the legal obligations relating to the declaration and payment of social security contributions.			
The foreign firm now has to register with the e-procedures portal INPI or via https://formalites.entreprises.gouv.fr link to the INPI in order to comply with its social security obligations.			
Normal French employment law applies to the employees of foreign firms.			
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 examples:			
Gross annual salary	Employee deductions	Employer contributions	
€ 20,000	22%	10%	
€ 50,000	21%	35%	
€ 100,000	21%	43%	
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			
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 € 91,900 (Goods) or € 36,800 (Liberal professions)			
	Turnover limits	Total income tax & social contributions	
Trading in goods	€ 188,700	13.4%	
Furnished rental	€ 188,700	23.2%	
Liberal professions	€ 77,700	23.5%	
VERY SMALL BUSINESS (MICRO BIC/BNC)			
	Income limit	Expenses deduction	Income tax rates applicable:
Unfurnished lettings	€ 15,000	30%	General case
Furnished tourist rental (unclassified)	€ 15,000	30%	Normal scale of tax rates
Furnished tourist rental (classified)	€ 188,700	71%	Non-residents
Furnished rental (minimum 1 year lease or 9mths for students)	€ 77,700	50%	30% (Max) + 17.2%
Trading in goods	€ 188,700	71%	Non-resident EU citizen
Professional services	€ 77,700	34%	30% +7.5%
CORPORATION TAX RATES			
	% rate		
General case	25%		
Small companies (turnover less than €10 million; owned ≥75% by individuals)	15%		
1st € 42,500	25%		
Balance of profits	25%		
FOREIGN EXCHANGE RATES			
Bank of France exchange rates were as follows:			
	US\$:Euro	Euro:£	
At 31.12.2023	1.0903	1.1605	
Average rate 2023	1.0816	1.1497	
At 31.12.2022	1.0666	1.1275	
Average rate 2022	1.0539	1.1732	
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%	

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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 2024	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.		

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		Total	Basic	Social charges									
Residents		30%	12.8%	17.2%									
If the taxpayer elects to pay tax at his marginal rate, the following reliefs are available													
– Years of ownership		1-2	3-8	8+									
– Taper relief		0%	50%	65%									
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 2023	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)	22 May
Residents and non-residents (electronic submission) - latest date	7 June
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

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