

**FRENCH WEALTH TAX
UPDATE (Budget 2006)**

French wealth tax (impôt de solidarité sur la fortune – ISF) applies to UK residents whose French assets have a net value of more than 750,000 Euros (approx, £ 512,000) with a number of exclusions, in particular for businesses and non-resident financial assets.

The taxable base comprises the fair market value of the assets owned by the taxpaying household (husband & wife or cohabiting couple) as of 1st January. The liabilities relating to these assets (e.g. mortgage on a property) may be deductible with proper supporting documents.

As of 1st January 2006, the ISF tax rate is calculated as follows (Euros):

Below 750,000	0,00%
Between 750,000 and 1,200,000	0,55%
Between 1,200,000 and 2,380,000	0,75%
Between 2,380,000 and 3,730,000	1,00%
Between 3,730,000 and 7,140,000	1,30%
Between 7,140,000 and 15,530,000	1,65%
Above 15,530,000	1,80%

UK residents must lodge their ISF Tax returns with the Recette des impôts des non-résidents (9 rue d'Uzès, 75094 Paris cedex 02) and pay the tax due **on 15th July at the latest. For French tax residents, the deadline is on 15th June at the latest.**

If you do not submit your tax return or if you underestimate the value of the taxable assets, you will incur penalties of up to 80% of the tax payable.

For further details and assistance, please contact

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