

# Tax Planning International European Tax Service™

May 23, 2013

## French wealth tax: time to declare!



The 2013 wealth tax ("ISF") season in France has arrived and the habitual CERFA n° 2725 forms have now been issued.

Impôt de Solidarité sur la Fortune – ISF – will apply again this year to individuals whose net wealth was above EUR 1.3 million as on January 1, 2013.

As previously, non-residents will only be taxed on their assets situated in France (whilst French residents will be taxed on their worldwide assets).

This includes assets held via a trust if the non-resident happens to be the settlor or the beneficiary of a trust holding French assets, or the trustee of a trust, including a settlor or a beneficiary resident of France or holding French assets. <sup>1</sup>

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<sup>1</sup> Article 885-G ter CGI

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The taxable base comprises the fair market value of the assets as owned by the foyer fiscal ("taxpaying household") i.e. spouses/civil partners or cohabiting couple as on January 1. <sup>2</sup>

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<sup>2</sup> Article 885 S CGI

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The declaration is made on a self assessment basis.

Certain assets, such as financial investments (held by non-residents) or business assets (for residents or non-residents), are exempt. <sup>3</sup>

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<sup>3</sup> Article 885-L CGI

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Debts (e.g. outstanding mortgage) may be deducted with supporting evidence.

Investments in small to medium EU businesses may benefit from a rebate corresponding to:

- 50 percent of the amount subscribed (directly or through holding companies) in the capital of certain small to medium EU based companies (as defined) with a maximum of EUR 45,000;
- 50 percent of the amount subscribed in the capital of qualifying French hedge funds (or other EU countries equivalent): fonds d'investissement de proximité ("FIP"), fonds communs de placement dans l'innovation ("FCPI") or fonds communs de placement à risques ("FCPR") with a maximum of EUR 18,000. <sup>4</sup>

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<sup>4</sup> Article 885-O bis CGI

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To be taken into account, these investments must have been made between July 15, 2012 and July 15, 2013 (for non-residents). The rebate is subject to the retention of the subscribed shares over a period of five years.

ISF 2013 is calculated as follows (clawing back to EUR 800,000 once the EUR 1.3 million threshold has been reached):

Net wealth (EUR)	Rate (Percent)
Not exceeding 800,000	0.00
Between 800,000 and 1.3 million	0.50
Between 1.3 million and 2.57 million	0.70
Between 2.57 million and 5 million	1.00
Between 5 million and 10 million	1.25

Above 10 million	1.50
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If the net wealth is between EUR 1.3 million and EUR 2.57 million, declaration may be made online together with the French Income tax declaration until May 27, 2013.

If there is no French income to declare or if the net wealth is above EUR 2.57 million, a form CERFA n° 2725 must be completed and sent together with the payment by: <sup>5</sup>

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<sup>5</sup> [www.impots.gouv.fr](http://www.impots.gouv.fr)

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- June 17, 2013, if the individual is a resident of France, to his or her local Centre des Impôts; <sup>6</sup>
  - July 15, 2013, if the individual is resident of the EEA ("EU + Iceland, Liechtenstein and Norway"), to Centre des Impôts des non-résidents, <sup>7</sup> at 10 rue du Centre, 93463 Noisy le Grand Cedex; and
  - September 2, 2013, if the individual lives outside the EEA, at the same address.

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<sup>6</sup> Tax Office

<sup>7</sup> Non-residents Tax Office

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