

CJEU rules French social charge on non-residents unlawful

On 26 February 2015 ([C-623/13 de Ruyter](#)) the Court of Justice of the European Union (CJEU) confirmed that France cannot apply the social charges (Contribution Sociale Généralisée (CSG)/Contribution au Remboursement de la Dette Sociale (CRDS)) to an individual who is subject to the social security regime of a different member state.

The CJEU ruled that CSG/CRDS are raised in direct connection with the French *Sécurité Sociale* (National Insurance). They contribute funding and that raising such contributions from residents outside France is incompatible with Regulation (EU) 1408/71.

This is especially relevant to UK residents who have been subject to CSG/CRDS on their French income or gains since 1 August 2012 when French law was changed so that the contributions then applied to non-residents.

Whether the French Revenue will automatically comply with this CJEU ruling is a different story.

The position ought at least to be explained in the form of a decree or Bulletin which does not require any French Parliamentary intervention.

As for the refunds of the contributions wrongly paid according to Senator Cadic's newsletter N°14, these could be in the region of €1bn over the last two and a half years and there is currently no budget to meet this bill.

The French (and European) courts may well be busy again.

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