

French Government proposes additional capital gains tax

An unexpected amendment to the supplementary budget currently debated at the Assemblée Nationale has been proposed by the Government.

The measure would consist of an increased taxation of the so-called “high capital gains” which refers to the sale of second homes. This would apply in 2014.

The current rate of 19% would be increased to 22% for gains above 110,000 Euros and 24% for gains above 150,000 Euros.

Député Christian Eckert, Rapporteur of the budget at the Assemblée is unsatisfied with the proposal and has suggested the following rates:

- 22% between 110,000 and 150,000 Euros
- 25 % between 150,000 Euros and 200,000 Euros
- 28% above 200,000 Euros

This in addition to the 15.5% CSG/CRDS (social security contributions) would potentially increase the level of capital gains tax to a record 44.5 %.

In compensation, the Government's proposal to increase by 5% the taxe d'habitation on second homes would be set aside.

The above is relevant to non residents owning a second home in France fully subject to capital gains tax and CSG CRDS since July this year.

The debate is still pending.

For further information please contact:

Patrick Delas

Solicitor

+ 44 (0) 208 394 6387

Patrick.Delas@russell-cooke.co.uk

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