

French CGT on the sale of the shares of a *société à prépondérance immobilière* by a non- resident (art 244 bis A CGI)

The sale of the shares of the *société à prépondérance immobilière* (property predominant company) by a non-resident is subject to French Capital Gains Tax.

1. The notion of *prépondérance immobilière*

A company is regarded as being “property predominant” if more than 50% of its assets consist of French property (note that business property is excluded).

2. Calculation

- The gain corresponds to the difference between the sale price and the purchase price with a 10% allowance as from the 5th year of ownership. The allowance is only available to individual sellers.
- The purchase costs can be added to the purchase price (with supporting evidence). Note that the fixed allowance of 7.5% on the sale of a property is not available.
- The 15.000 € exemption is not available to corporate entities.

3. Rate

- 19% for individuals, residents of the EU (+ Iceland, Norway and Liechtenstein)
- 33.1/3% for individuals resident outside the EU and corporate entities
- 50% when the seller (individual or corporate entity) is resident of a “non cooperative territory” (off-shore).

Note the rates above may be subject to the specific provisions of a Double Tax Treaty (i.e. the 19% rate applies with Switzerland)

4. Formalities

- The tax is payable within a month from completion of the sale (form 2048-M)
- A tax representative must be appointed if the sale price is above 150.000 €

For further details, please contact:

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