

## **French Court Confirms Spouse Exemption for Civil Partners** (But is this the last we've heard from the French Revenue?)

The *tribunal de grande instance* (high court) of Bobigny (Paris *banlieue*) confirmed in its decision n°09-3968 of 8 June 2010 what Franco-British estate practitioners had previously taken for granted when advising their clients i.e. that a *civil partnership* should be regarded as equivalent to the French PACS for inheritance tax purposes - which means total exemption for the surviving partner.

Surprisingly it took a judicial battle to confirm this point, which seemed clear from the adoption of the Law of 12 May 2009, *Réponse Ministérielle de Ruy* and also from reading the French Revenue's own instructions: AN 1-12-2009 et 5 B-4-10 et 7 G-2-10.

In spite of its own instructions, the French Revenue however somewhat attempted to "resist" this interpretation - arguing that the exemption should only be granted to French residents - and had to be taken to court to acknowledge the position.

The issue now seems to be resolved since the judgment has not been appealed. However, this could well be to avoid the tribunal's decision being confirmed on appeal and eventually in *Cassation* (i.e. by the Supreme Court of France) with a more persuasive authority and unwelcome publicity.

Without a doubt, this is not the last we will hear on the issue.

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