

UK Civil Partners – Tax and the ownership of a property in France.

Dawn Alderson, Head of the French Team at Russell-Cooke, sets out below the new tax position for civil partners owning property in France which has now been clarified in a recent *Réponse Ministérielle*.

The tax situation on death for foreign civil partners owning property in France has recently been clarified in a *Réponse ministérielle*. Until now, in the event of the death of a person in a foreign Civil Partnership who owned property in France, the surviving partner was liable to pay French inheritance tax at the rate of 60% on any interest received in the French property. A recent change in the law (12 May 2009) dealt with the recognition of foreign registered partnerships but omitted to deal with the French tax consequences. This has now been clarified. It is confirmed that in the event of a death of a person with a valid Civil Partnership and registered as such in the relevant jurisdiction, the surviving partner will benefit from the same regime as that applicable to French nationals with a PaCS agreement in France.

This means that for partners in a UK Civil Partnership, bequests on death passing between the two civil partners, e.g. in respect of a French immovable property, will be exempt from any French Inheritance Tax. In the event of a lifetime gift involving the French property being made between the two of them, there would be an exemption for gifts up to a value of 79,533 Euros (at 1 January 2010), following which tax would be payable but at the same reduced rates as allowed to married couples.

The provisions will apply to all persons joined in an equivalent PaCS / Civil Partnership and for successions opened and gifts made from 22 August 2007.

Please contact Dawn Alderson at Dawn.alderson@russell-cooke.co.uk if you require any further information or if you are concerned.

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