

## French Tax Information

Any letting income generated by the French property owned by a resident in France or the UK, no matter where it is paid or received, is always, first and foremost, taxable in France.

The French tax year runs from 1<sup>st</sup> January to 31<sup>st</sup> December, and for Non- French residents the tax return needs to be completed and submitted to the local French tax office by the following 30<sup>th</sup> April, however, this year it has been extended to 31<sup>st</sup> May.

Therefore, any income received in 2005 would need to be declared by 31<sup>st</sup> May 2006.

Usually, the income can be assessed under one of 2 methods:

- *Regime des Micro-Entreprises*

Whenever total income for the year is less than 76.300 Euros, unless the taxpayer opts for an alternative method of calculation, the tax office will apply the "Regime des Micro-Entreprises", whereby tax at 25% will be applied to 32% of income.

The obvious disadvantage with this route is that losses cannot arise. If there is a mortgage on the property and if depreciation is available, actual expenses for furnished holiday letting are likely to exceed 68% of income, especially in the early years.

- *Regime Simplifié*

This method of accounting is compulsory when turnover exceeds 76.300 Euros, or applicable by option, the regime requires simplified accounts to be drawn up and presented each year, with tax being assessed against actual income and expenditure incurred. Losses can therefore arise to be carried forward, (for a maximum of 5 years), as well as excess depreciation which can be set against future profits indefinitely.

As a result a more tax efficient approach can be maintained.

Submitting a French tax return doesn't have to be a costly affair, Charles Hamer Financial Services offer a French taxation submission service for as little as £150 per annum.

To receive a lettings information pack and further information on all of the above, please forward your name and address to [alex@charleshamer.co.uk](mailto:alex@charleshamer.co.uk), quoting HL1 or telephone 01844 218956.

