

# Patrimoine & ENTREPRISE

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## BUYING PROPERTY IN FRANCE: A GUIDE FOR FOREIGNERS

### SUMMARY

LOCATING AND RESEARCHING  
THE PROPERTY

THE PRELIMINARY AGREEMENT

OBTAINING A MORTGAGE LOAN

MEANS OF PURCHASING

THE FINAL SALE CONTRACT

TAXES AND FEES

France welcomes more foreign visitors than any other country, and in recent years it has become a place where many foreigners have chosen to purchase property. The good news is that France does not restrict foreigners from acquiring property - but, like everywhere, it has its own system for buying, owning, selling and renting it. This system has been shaped through centuries of French history, culture, economy and politics, so naturally it differs from those that exist elsewhere.

The differences are found in various places in the laws and regulations that govern French property transactions, taxation and succession, and in the process of doing business with entities like estate agents and banks. People who are unfamiliar with French procedures cannot always anticipate them, and the surprises can sometimes be costly. Yet the system itself has developed a way to smooth the path: the presence of public notaries, or *notaires*, whose role in France is much broader and deeper than the role of notaries in most of the English-speaking world.

### WHAT IS A NOTARY ?

The work of notaries has evolved over the centuries to focus on written agreements, contracts and other documents, frequently of an official nature, and the profession has gradually become associated with law. Modern notaries and their duties vary substantially from one country to another, and in many places - like France - notaries are either lawyers or must have extensive legal training.

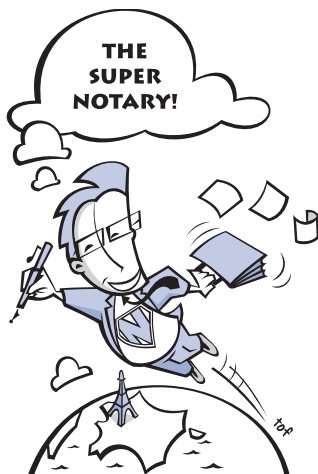
### THE NOTARY PROFESSION IN FRANCE

French *notaires* are many things at once: besides being highly educated lawyers, they are public officials appointed by the state, and advisors who work on behalf of individuals and companies on a variety of matters pertaining to property, sales and purchase agreements, matrimonial regimes, divorces, succession issues, taxation and asset management strategies (including structures to hold the assets).

They are required to treat their clients' affairs with neutrality and objectivity (in contrast to the British and American legal systems, which have more adversarial structures).

*Notaires* in France provide legal advice and consultancy in a range of fields; they facilitate and conduct negotiations; they perform research; they prepare contracts, agreements and other documents; they ensure the legality and authenticity of signed papers; and they act as repositories for the original documents.

French law requires the use of a *notaire* for the deed that finalizes a property transaction, but *notaires* can be - and frequently are - involved in every stage of the process leading up to that point. They can help match buyers with sellers, and they can help them negotiate a balanced and fair agreement about the property and its price. They research the legal history of the property to determine if there are any "warning flags" or other pitfalls, and they can draft the preliminary sale agreement.



Because property-related work makes up such a big share of what *notaires* do, they are highly knowledgeable about the French property market in general and about the specific local markets in which they operate. They are obliged to formally register all transactions, and they have recourse to a nationwide registry that contains price and other information about property throughout France.

Because of their neutral role, *notaires* may act on behalf of either party in a transaction - or they can act on behalf of both. The involvement of *notaires* in the various steps preceding the final transaction can help to identify and resolve potential disputes before they arise, and because of this France has fewer property-related legal disputes than many other countries.

French *notaires* serve all parts of the country, and nobody is ever far from one. There are 4,533 notarial offices throughout France, many in large cities, but smaller towns and numerous villages have them as well. At the same time, *notaires* have full national competence - that is, they are authorized to be involved in transactions anywhere in the country.

The fees charged by *notaires* for their services are uniform throughout the profession and are fixed by the French government. In cases involving property dealings they are linked to the transaction price, and when the buyer and seller of a property have separate *notaires* the fees are split between them.

## **GROUPE MONASSIER PATRIMOINE ET ENTREPRISE**

Groupe Monassier Patrimoine et Entreprise is a selective network of highly competent *notaires* located in towns and cities throughout France, including partners abroad. The *notaires* have developed a comprehensive knowledge of French property law, tax law, business law, family law and asset management strategies - and how these interact with each other.

Members of the "Groupe" who are outside France also have a solid understanding of their own countries' laws, and are alert to cross-border issues such as the implications these laws may have for people with assets in another country like France.

The "Groupe" maintains a comprehensive international research and documentation centre that allows all of its members to assist clients in their dealings both inside and outside of France.

The French *notaires* of Groupe Monassier Patrimoine et Entreprise comply with rigorous standards of competence, ethics and service, and the group's foreign members likewise conform to the professional standards of their respective countries. The group's research and documentation centre is constantly updated with the latest information about legal, financial and economic developments, and the members of Groupe Monassier stay up-to-date themselves through an ongoing program of in-house training and meetings.

The group places high value on keeping its clients informed. Its members are committed to providing clients with the latest information about all relevant

developments, and the group itself publishes a newsletter for clients and maintains a comprehensive website : [www.groupe.monassier.com](http://www.groupe.monassier.com)

Besides being located in many different places in France and abroad, giving them links to multiple tax and legal networks, Groupe Monassier's French *notaires* and foreign partners are in frequent contact with each other. This network structure places them in an advantageous position to provide information about conditions in local property markets outside their own areas, and to help clients to locate individual properties to buy - or potential buyers for properties they want to sell.

## **BUYING PROPERTY IN FRANCE**

Whether the foreign buyer is seeking a flat in Paris, a stone house in a rural village, a chateau set amongst vineyards, a modern apartment by the sea or a plot of land on which to build a property, the basic rules affecting different forms of property are national in nature and thus apply throughout the entire country.

There are three broad categories of French residential property: stand-alone housing (*maison individuelle*), property on a subdivided estate or development (*lotissement*) and jointly owned property, such as an apartment in a building where individual apartment owners also share ownership of the building's common areas (*copropriété*). Besides these categories, French property and tax laws distinguish between housing that already exists and land on which housing is to be built.

Moreover, there are several different ways that a foreigner can buy property in France: as an individual, through a company set up specifically for the property's acquisition (such as a *société civile immobilière*) and together with one or more partners (this can take various forms). Each method has different rules affecting taxation and succession. Since French succession laws are quite different from those in other countries, the choice of method may have large implications for the buyer's family - and this is one area in which a *notaire's* expertise can be valuable.

## **LOCATING AND RESEARCHING THE PROPERTY**

There are various ways for people seeking residential property in France to go about the process. Often they

will use the services of an estate agent (*agent immobilier*) to locate a suitable property, negotiate with the seller and draw up the initial sale agreement. The agent's fees can range from 5 % up to 10 %.

It is frequently the seller who pays the agent's fees, but because this is not always the case it is important for the buyer to verify responsibility for the fee before proceeding. The seller's agreement with the estate agent (*mandat de vente*) should specify which party pays the fee.

Another method is for the buyer and seller to deal directly with each other as individuals and, as publications and websites exist in France to describe properties that sellers have put on the market, this method allows both parties to avoid the estate agent's fees. However, it typically involves people who are not professional property dealers.

As a result, the agreements - while seeming fine at the time - can become a source of problems and potential disputes later on, particularly for foreign buyers without experience in French property transactions.

Regardless of the way a buyer chooses to find and negotiate the purchase of property, using a *notaire* early in the process can avoid future difficulties thanks to the *notaire's* unique combination of expertise - in law and taxation issues, in property transactions, in dealing with official land and mortgage registries and in researching the legal histories of specific properties.

Of the disputes that do arise over French property, many involve boundary issues - and these can be troublesome because they may be triggered by the actions of a neighbour that occur many years after the property transaction itself. Although a property's cadastral area (*surface cadastrale*) is recorded in an official registry and used as a basis for local taxation, the documents pertaining to the sale, ownership and taxation of the property often do not specify its exact location in terms of a precise delineation of boundaries.

This kind of situation can arise, for example, when the owner of a farm or other sizable area of land decides to sell part of it. Even if a property is sold in its entirety, it may have once formed part of a larger land holding that was

divided up. Depending on how the property's boundaries are described, it may not be sufficiently detailed to avoid a dispute at some point. It is standard practice for *notaires* to draft documents that define property boundaries with the precision necessary to avoid such problems.

Another area of potential problems involves servitudes, or restrictions on the property. Servitudes can limit how property is used by the owner, and can grant rights of access or use of the property to people other than the owner. They are frequent in France but are not always fully detailed in the documents associated with property transactions. When a *notaire* carries out research into a specific property on behalf of a prospective buyer, this work routinely includes determining the presence and nature of any servitudes.

Because the *notaire's* comprehensive research into a property will also identify other situations that may exist - such as whether ownership has been contested by another party, or whether the seller has additional mortgage debts for which the buyer would become liable - the buyer will be protected by having all relevant information.

With a *copropriété* in which common parts are jointly owned, the *notaire* will obtain documents from the syndicate of co-owners that detail the common parts and the financial responsibility of the buyer with regard to them, as well as maintenance and technical records. This effort can identify potential future costs that the buyer may have to bear proportionally as part-owner.

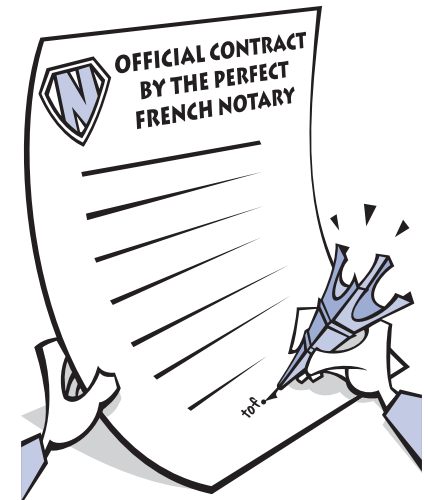
## THE PRELIMINARY AGREEMENT

When a buyer and seller of a property have agreed on the price and other terms, they sign a preliminary agreement (*avant-contrat*). This document can either be a buyer's agreement to make the purchase (*compromis*) or a seller's agreement to sell (*promesse de vente*, or *promesse unilatérale de vente*) in some regions of France, either type may prevail.

When the preliminary agreement takes the form of an agreement to purchase the property, it commits both the seller and the buyer to proceeding with the acquisition as long as any stated

preconditions, such as obtaining a mortgage, are met. When it takes the form of an agreement to sell, it commits the seller to proceeding, and essentially gives the buyer an option on the property.

Because of its importance in shaping subsequent events in the process of buying and owning a property, the preliminary contract is arguably the most critical document associated with the transaction - even if it does not represent the finalizing of the transaction itself. It should be comprehensive and also precise in content, otherwise the buyer may find that any number of problems arise while the purchase is still pending.



Thus, while the involvement of a *notaire* in drafting and executing the preliminary agreement is not required, it is strongly recommended. As one of Groupe Monassier's *notaires* in Paris says, "If it's badly written, it's too late."

The preliminary agreement must contain a clear identification of the property to be sold and the agreed price. If the property is part of a *copropriété* and consists of at least 8 square meters in size, the exact measurement of the surface area must be included (this is sometimes referred to as a *Loi Carrez* measurement, after the French law that requires it).

There are a number of other elements pertaining to the transaction that must also appear in the preliminary agreement. The file of technical diagnosis covers various situations that have consequences on the soundness of the structure or the health of its occupants.

It includes certifications about whether asbestos, lead and termites are present and the state of natural gas installations (some areas of France also require a natural and technological risk assessment).

The preliminary agreement must also detail any element on which the sale is contingent, known as a *condition suspensive*. This usually involves the buyer's ability to obtain a mortgage, and, in fact, a French law known as the *Loi Scrivener* exists specifically to ensure that buyers are protected in this regard – the financing must be applied for and approved within a specified period or the sale cannot take place and the buyer's security deposit (typically around 10%) is refunded. The specific conditions that trigger a refund must be detailed. The *Loi Scrivener* also protects the seller by prohibiting the buyer from rejecting an approved loan in bad faith.

Foreigners may obtain mortgage loans for French property from lenders based outside of France, but for the *Loi Scrivener* to apply, certain conditions must be met. One is that the loan must be made in connection with property located in France. Another is that either the lender or the borrower must be established in France if the loan contract is based on foreign law. Also, the loan itself should be a French financial instrument.

Another example of a *condition suspensive* involves the sale of land for building; the preliminary agreement can stipulate that the sale may only proceed if the buyer is able to obtain a building permit.

The agreement should also note the amount of the security deposit posted by the buyer, which would be forfeited if the buyer decides not to conclude a transaction that can otherwise proceed; this deposit can be placed with a *notaire*. Additionally, it should state the dates on which payments and the taking of possession are to occur, and it should detail any servitudes that have been identified for the property.

In the case of a *copropriété*, the preliminary agreement must specify the property that would be owned 100 % by the purchaser as well as the part or parts that would be jointly owned by the purchaser and others. The common parts of an apartment building, for example, are likely to include structural features such as entrance areas, hallways, stairways, courtyards, roofs and outer walls, as well as installed

facilities such as boilers, lifts and equipment for receiving building-wide amenities such as cable or satellite television.

The preliminary agreement should also state all pending actions that pertain to the jointly owned elements of a *copropriété*, for example plans for major maintenance work that have been decided by the syndicate of joint owners but that have not yet been carried out.

French law allows various parties to have pre-emptive rights to acquire the property once a preliminary agreement signals the current owner's intention to sell; these include tenants, municipalities and, in some rural areas, the French land and rural agency (SAFER). In most cases, they have two months in which to act or they lose the right to buy the property. A notary will identify all such parties and ensure they receive notification of the intended sale to ensure that these rights are properly exhausted and thereby avert potential legal challenges from arising later.

Once a preliminary agreement exists, French law gives the prospective buyer the right to a cooling-off period of seven days (the *droit de rétractation*), during which he or she may reflect on the pending transaction and renounce it, halting any further progress toward the sale. If the preliminary agreement is not prepared by a *notaire*, the period of reflection begins on the day when the buyer receives his copy by registered post. If a *notaire* drafts the agreement and formalizes it, the seven days start on the day of the signature and the buyer and seller are not allowed to sign it until the period expires.

### No Obligation for Surveyors

The use of a surveyor to assess the structural aspects of a property is a mandatory part of the sale process in some countries, but in France there is no obligation for either the buyer or the seller to engage one. Surveyors do exist in France and are used on a voluntary basis, but often the goal of a pre-sale inspection by a specialist is to assess the value of the property for the benefit of a mortgage lender.

## OBTAINING A MORTGAGE LOAN

Foreign property buyers seeking mortgages (*hypothèques*) from lenders in France will find that this is one area in which the typical practices are different from those in other countries. French mortgage loans are usually granted for no more than 20 years, in contrast to the 25-year loans that are common in Great Britain and the 30-year loans in the United States. Some French lenders may be willing to stretch or shorten the mortgage period, and loans for less than 15 years are not infrequent.

A foreign buyer seeking a French mortgage or mortgage insurance coverage\* will often be unknown to the bank or insurer if the buyer has not previously owned property or had other dealings in France, but even when the client is known he or she will typically be asked for a wide range of personal documentation before the application is approved.

\*Mortgage lenders typically want buyers to have life insurance, to protect payments due. Costs vary because there are different types of mortgages and life insurance policies for them.

For mortgages, this starts with proof of identity (such as a passport and/or a birth certificate) and proof of current residency (such as utility bills and tax receipts). A lender will also want documentation pertaining to the buyer's financial situation (bank account statements), employment (salary statements) and/or other sources of income (statements from investments or retirement plans), and will also normally ask for income tax returns.

British nationals who are not obliged to file income tax returns (for instance, if they pay tax through a pay-as-you-earn scheme) may obtain verification of their tax liability and payments from the U.K.'s Inland Revenue.

Buyers from elsewhere, including the United States, may have a different problem: French mortgage insurers may want reassurance about the buyer's health and request more medical details when general health entries on an application raise questions, but physicians and hospitals in the U.S. and some other countries may not provide them. In this case, a physical examination by a French physician can yield the necessary report.

French lenders, like those in most other Western countries, require borrowers to provide security; in the case of a mortgage the collateral is nearly

always the market value of the property for which the loan is being requested. The lenders will not often request - or perform their own - valuations of property before approving a mortgage loan, and they will not require comprehensive structural surveys like those that are standard in Great Britain.

### Components of Property Ownership

#### Ownership

Ownership of a property is a right which includes the usage, enjoyment and possession of the property.

#### Usufruct (ie life interest) (usufruit)

Usufruct is a temporary true right to use and enjoy or rent a property. The property must be kept intact for the duration of the usufruct, which may last any length of time up to and including the lifetime of the recipient.

#### Ownership of record (nue-propriété)

Ownership of record is a true right to be the owner of the same property to which the usufruct is attached. The owner of record may do as he or she wishes with the property (to sell it, for example).

## MEANS OF PURCHASING THE PROPERTY

A foreigner buying property in France can make the purchase as an individual, but can equally buy it through a company set up specifically for that purpose. Such a company is usually known as a *société civile immobilière*, or *SCI*, and it has both advantages and disadvantages for the foreign buyer. A third method of buying property in France is through a joint purchase by two or more people; this can take the form of *en indivision* or *en tontine*, although the latter form is usually not recommended for foreign buyers because of likely tax disadvantages.

The main attraction of creating an *SCI* and using it to buy the property is that it provides the foreigner with more flexibility in terms of choosing who will inherit the property upon the foreigner's death. It also offers more opportunities to reduce the transfer duties in case of death, gift or sale. French property

owned directly by a foreigner is subject to French law pertaining to the conveyance of real estate after the owner's death, and this requires the property to be divided among the remaining members of the owner's immediate family.

With an *SCI*, what the foreigner owns is not the property itself but the shares in the company that owns the property. These shares can be transferred and distributed more readily to people of the owner's choice, including while the owner is alive, and upon the owner's death they are considered "movable property" rather than real estate. From a civil standpoint (although not from a tax standpoint), if the deceased were domiciled abroad, the inheritance laws of the country of domicile, rather than of France, would generally apply; in the case of English-speaking countries such laws can provide much more flexibility for the shares' distribution.

The disadvantages of an *SCI* are mainly tax-related and administrative. In most cases, the transfer of shares in an *SCI* is subject to French taxes, even if the seller of the shares is domiciled outside France, unless a tax treaty allows otherwise. Moreover, tax authorities in Great Britain have considered British-domiciled shareholders of *SCIs* to be deriving "benefits in kind" from the enjoyment of French property owned by the *SCIs*, and these benefits have been subject to U.K. income tax. (This interpretation has been challenged, however, and the Inland Revenue has been reviewing the matter.)

On the administrative side, an *SCI* is considered to be a French company and must comply with some French laws governing business record-keeping

and accounts, among others, and this can incur additional costs. The *SCI* may be subject to a tax of 3 % per annum on the property's market value if it does not file annual declarations that detail the identities and addresses of all of its shareholders.

The third way to buy property, jointly by two or more people, can take two forms: *en indivision* or *en tontine*. The main difference involves how French inheritance laws mandate the transmission of the property upon the death of one partner (see box), and *en indivision* is normally the more advantageous choice from a tax standpoint.

### Two Ways to Buy Property Jointly

#### *En indivision*

With a property bought *en indivision* by two or more people, French inheritance laws dictate the property's transmission upon the death of one partner. In the case of a family, it is obligatory for the deceased partner's share to be split among the surviving spouse and any children they have, regardless of what the deceased partner would have wished. Nonetheless, buying a property *en indivision* can be attractive for a joint owner who holds only a small share of the property, as decisions about it must be unanimous among all those with an interest in it - thus giving the owner of 1 % of the property as much authority as the owner of the other 99 %.

#### *En tontine*

When a property is owned by two partners *en tontine* and one of the partners dies, that partner's share of the property is automatically inherited by the surviving partner. For a couple with children, this allows the property to pass entirely to the surviving spouse rather than be divided up between the spouse and the children. However, this method can have significant fiscal disadvantages, such as exposing the surviving owner to the entire amount of French inheritance tax on the property.



## THE FINAL SALE CONTRACT

It is obligatory for a *notaire* to be involved with the deed that finalizes a property transaction, the *acte authentique de vente*, to ensure that all aspects of it are legal and properly drafted when it is time for the buyer and seller to sign. If a *notaire* has been involved in the earlier stages of the buying process as well, the transaction can be concluded with the knowledge that the buyer has the best possible shield against future problems.



One or both parties to the transaction may designate proxies to represent them in signing the deed by granting them the power of attorney. This process is known as the *procuration sous seing privée*, and consists of a document in which the buyer or seller mandates the designated proxy to act on his or her behalf. The document does not have to be signed before a *notaire*, but the signature should normally be certified.

Payment for the property is made by cheque to the *notaire* at the time the deed is signed, with the buyer deducting from the total amount the deposit that was previously paid. The cheque must be denominated in euros and drawn from a bank located in France.

The *notaire* will issue a document to the buyer that certifies the sale, and will handle the formalities involved with registering the deed. During this time he or she will temporarily retain the funds unless the payment has been made with a banker's draft, and will provide them to the seller once the registration formalities are completed - something the *notaire* is committed to handling as rapidly as possible.

## TAXES AND FEES WHEN BUYING PROPERTY

The *notaire's* fees are paid by the buyer. These include the charge for registering the purchase (known as *droits d'enregistrement*, the equivalent of the British stamp duty), which is 5.09 % of the property price. They also include the fees for handling the final sale contract and the subsequent formalities.

The rates for the latter charges, known as *émoluments*, are fixed by the government and are standardized throughout France. They take the form of percentages of the price at which a property is bought: 4 % for the first 6,500 €, then 1.65 % until 17,000 €, then 1.10 % until 30,000 €, and then 0.825 % for the remainder of the purchase price. A value-added tax of 19.6 % is added to these charges.

Additional fees are due if the *notaire* negotiated the transaction, and can be payable by the buyer or the seller or both, depending on the agreement reached between them. These charges, also based on the property's price, are 5 % up to 46,000 € and 2.5 % on the remaining amount, somewhat less than the levels frequently charged by estate agents. They are also subject to 19.6 % VAT.

Other fees (*honoraires*) that are not regulated but are negotiated and agreed in advance with the client may be charged for supplemental services performed by the *notaire*. These can include consultations or assistance on tax and legal matters pertaining to the property transaction.

### The 3 % Property Tax

This tax applies to all legal entities in France that have investments in real estate, including *SCIs*. It was originally imposed to prevent property owners from avoiding payment of various other taxes (such as the wealth tax) by using corporations to mask property transactions between physical persons.

This tax is assessed on the market value of real estate owned on January 1 each year, and there are no deductions for indebtedness arising from the property's purchase. The tax ensures that foreign owners of French property through *SCIs* are known to the tax authorities in France, either by payment of the tax or by avoiding it through the filing of annual declarations about the *SCI's* shareholders.

## TAXATION DURING PROPERTY OWNERSHIP

The acquisition of a property in France subjects the buyer to various taxes during the time that the property is owned, including an annual local property tax (*taxe foncière*) and an annual tax for occupying the property (*taxe d'habitation*).

Additionally, a foreign property owner whose total net assets in France exceed 750,000 € becomes subject to the French wealth tax (*impôt de solidarité sur la fortune*, or *ISF*). This tax starts at a rate of 0.55 % up to 1,200,000 €, and rises through several bands to a maximum of 1.8 % on assets of more than 15,530,000 €.

If a foreigner owns French property through an *SCI*, he or she must file annual declarations about its shareholders or be subject to a 3 % tax on the property's market value.

## TAXATION UPON RELINQUISHING PROPERTY

Non-resident foreigners having capital gains from selling French property are now taxed at a rate of 16 % if their place of residence is in the European Union (which now comprises 25 countries). Non-residents whose place of residence is outside the E.U. are subject to a tax rate of 33.3 %.

French residents pay capital gains tax at a rate of 16 %, but they must also pay additional social charges that raise the total effective rate to 27 %.

No capital gains tax is charged when a property is sold for less than 15,000 €, or when a property has been held by the owner for more than 15 years.

Capital gains from the sale of property owned for between 6 and 15 years are subject to reductions of 10 % of the taxable amount for each year, starting with the sixth year. For property owned for ten years, the tax is thus based on 50 % of the original capital gain.

People inheriting French property after the death of an owner are subject to French inheritance tax (*droits de successions*), but whether or not the deceased property owner was domiciled in France can make a difference to what the inheritance tax covers.

If the property owner was domiciled in France, the beneficiaries must pay tax on inherited assets located both inside and outside of France. If neither

the property owner, nor the beneficiaries were domiciled in France, the tax only applies to the inherited French property and any other inherited assets physically located in France, except if a tax treaty provides otherwise.



Descendant beneficiaries pay no French tax on the first 50,000 € of inherited assets (76,000 € for the surviving spouse). Above that, the rate begins at 5 % and rises through a series of bands to a maximum of 40 % on inherited assets that exceed 1,700,000 € if the heirs are the children and/or the surviving spouse. The maximum band rises to 60 % if the heirs are not close family relatives.

#### **FOREIGN MEMBERS OF GROUPE MONASSIER PATRIMOINE ET ENTREPRISE**

The international network of Groupe Monassier Patrimoine et Entreprise includes members in the United Kingdom who can advise clients about British tax implications and other implications of owning French property.

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### **Obligatory Payments Associated with French Property**

#### **When buying property**

Registration duties for registering the transaction

5.09 % of the purchase price

Notaire's fee for handling the sale contract and subsequent formalities

First 6,500 € of the purchase price: 4 % From 6,500 € to 17,000 €: 1.65 %  
From 17,000 to 30,000 €: 1.10 % Above 30,000 €: 0.825 %

Notaire's fee for negotiating the transaction (if handled by the *notaire*)

First 46,000 € of the purchase price: 5 % Above 46,000 €: 2.5 %

Value-added tax on *notaire's* fees: 19.6 %

Mortgage costs (eventually) ± 3 % of the loan

Other expenses : land registry, technical surveys (termites, asbestos)

#### **During ownership**

Annual local property tax

Annual occupancy tax (annual)

Annual wealth tax (if owner's assets in France\* exceed 750,000 €)

Lowest band (750,000-1,200,000 €): 0.55 %  
Highest band (above 15,530,000 €): 1.8 %

Annual tax on *SCI* (not charged if shareholder declarations are filed): 3 %

#### **When relinquishing property**

Capital gains tax

For non-resident foreigners who are E.U. residents: 16 %  
For non-resident foreigners who are non-E.U. residents: 33.3 %  
For French residents: 27 %

For anyone selling property for less than 15,000 €: Zero

For anyone selling property owned for 6-15 years: reduction of 10 % per year of the taxable amount over 6 years

For anyone selling property owned for more than 15 years: Zero

Inheritance tax on assets of more than 46,000 €

Lowest band (starting at 46,000 € for descendants and 76,000 € for the surviving spouse): 5 %

Highest band (above 1,700,000 €): 40 %\*\*

Note: *notaires* may charge additional fees (*honoraires*), negotiated in advance with the client, for supplemental services such as tax and legal consultation or assistance.

\* Except financial investments

\*\*Payable by children and/or the surviving spouse; the rate is 60 % for other heirs

#### **Elsewhere in Europe there are members of Groupe Monassier in the following cities:**

Ghent, Belgium - Frankfurt, Germany  
Luxembourg, Grand Duchy of Luxembourg  
Amsterdam, Netherlands, Madrid, Spain  
Neuchatel, Switzerland

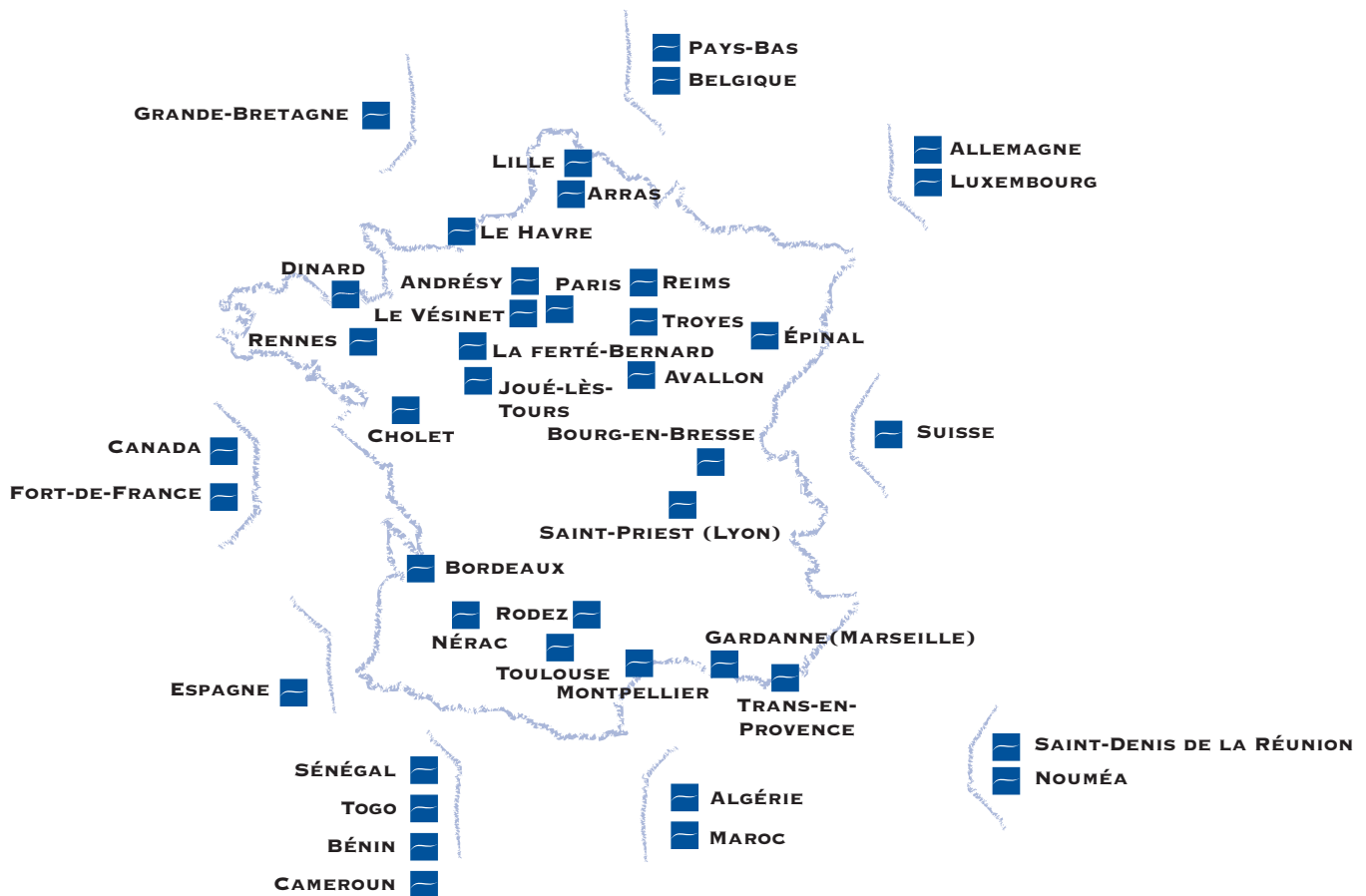
#### **Members in Africa are located in:**

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Cotonou, Benin - Douala, Cameroon  
Dakar, Senegal - Lome, Togo

#### **In North America:**

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The Monassier Group, an international network of notaries combining their diverse specialities to provide complete and effective service.



## BUSINESS LAW

Incorporations, sales of businesses, legal writing, increasing and restructuring of capital, issuance of stock, mergers – acquisitions – buyouts, LMBOs, open bids, directors' status, arbitration, sports organizations, foundations and associations, group medical practices.

## WEALTH PLANNING

Assessment and evaluation of assets, tax planning, investments, arbitration of holdings, real estate investments, international property organization, income and retirement.

## COMMERCIAL LAW

Commercial contracts and leases, transfer of shares and of clientele, funds auctions, location, commercial site development, hotel and pharmacy planning, franchising, competition, and distribution.

## SOCIAL LAW

Employment contracts, benefits evaluation, employee ownership, directors' benefits.

## RURAL POLICY

Rural leases, agricultural groups (*GAEC* [farm run as a non-trading partnership], *SCEA* [agricultural corporations], *GFA* [groups for assembling agricultural land]), transfers of agricultural and vinicultural companies, monitoring of assets, negotiation and transfer of vineyards, agricultural taxes.

## REAL ESTATE LAW

City planning and environment, construction projects, joint ownership and taxation, leases and construction leases, real estate loans, inspection and evaluation, rental management, building management, negotiation, condominium property managers, auctions, subsidized housing, tourist residences.

## FAMILY LAW

Marriage contracts, changes of matrimonial rule, divorces, adoptions, spousal protection, gifts and bequests, execution of estates, division of property, quasi-usufruct agreements, family and estate compacts, *PACS* (civil solidarity pact), alternative and optional gifts, protection of the handicapped.

## INTERNATIONAL LAW

Trans-border and bi-national marriages, international contracts, location and investment abroad, trusts and fiduciary trusts, diversification of holdings.

## TAXATION

On individuals, (*ISF* [solidarity tax on large fortunes], real estate revenue...), on civil and commercial corporations: international, real property, agricultural, and rural taxation, tax savings, sales tax, and professional tax.