



## **WARNINGS DUE TO THE RECENT PRESIDENTIAL ELECTIONS SOME MAJOR CHANGES DID AFFECT THE ALL TAXATION SYSTEM IN FRANCE**

### **Among several changes made:**

The **repeal** of **wealth tax** on every asset which is not real estate. With such a change the so called former “wealth tax” becomes similar to any real estate tax and is now called the “Impôt sur la Fortune Immobilière” “Real estate wealth Tax”.

The “housing tax“, the equivalent to the “school tax” in the US will be repealed between 2018 and 2019 for many (€ 30,000 for a tax payer filling single or € 47,778 for a couple households. In general due quite high quality management of municipalities its burden is lower than in many other places. (As everyone knows standard education is for free by principle and Kidd garden (with shortages) college and universities have a duty to host any candidate with appropriate credentials

Income from stocks and Bonds: A flat tax of 30% “Impot Forfaitaire Unique” (unified flat tax) is now applicable for all of portfolio income including capital gains. A safeguard allowing the keeping of the former status is granted for those already benefiting from special regimes for capital gains retiring persons, founders of SMEs...)

The current flat tax called Contribution Sociale Généralisée “CSG” which hits passive incomes (portfolio income, real estate, capital gains) is raised to 17,20 but at the same time a reduction of the social charges is granted to balance the effect of this raise. It does not add up with the above. Due to tax treaty between US and France US citizens are exempt from tax on dividends and capital gains on portfolios as they are already taxed in the US on their worldwide income.

### **Businesses – corporations:**

Many special Regimes do exist for corporate tax and social charges on start-ups and research expenses.

**Corporate tax** now at 33.33 % (27% below a definite fresh-hold) will be decrease over years to **25 %**. For 2018 tax years rates are (small SMEs up € 38,120 profits 15 % and 28 % between € 38,120 and € 500.000. Other PME are at 28% up to € 500,000 of profits and 33, 33 % over this fresh-hold, 2019 and 2020 marginal rate will be at 28%, 26,5 % for 2021 and 25 % for 2022.