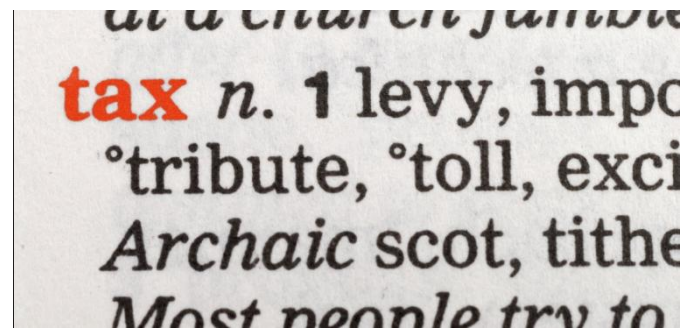
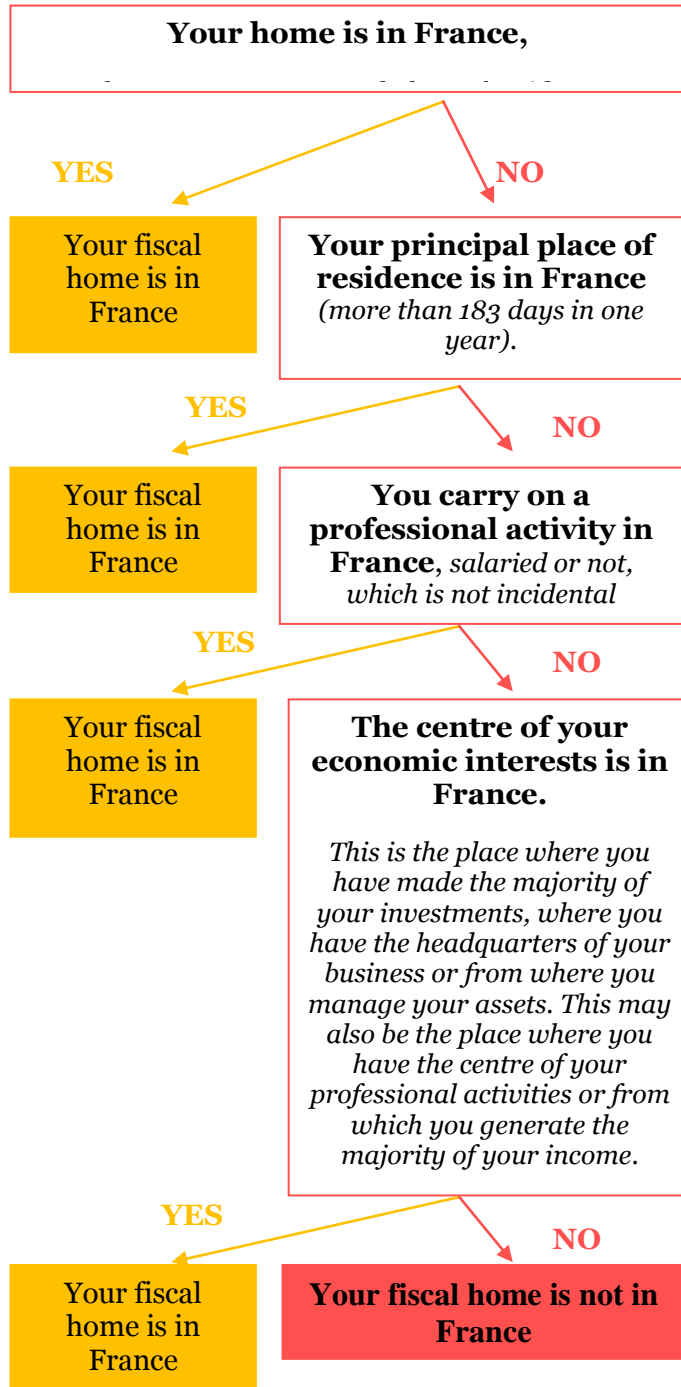


DEFINITION OF FISCAL DOMICILE

To ascertain whether your fiscal domicile is in France, answer the following questions:



INCOME TAX (impôt sur le revenu – “ir”)

Persons having their fiscal domicile in France

- They are subject to French income tax on their entire income from French or foreign sources, whatever their nationality.
- The progressive scale of income tax is from 0 to 40%.
- Subject to separate tax at a proportional rate on revenue from capital gains realised by individuals on the sale for a consideration of transferable securities or corporate rights: from 0 to 29% depending on the length of time held and the type of corporate rights.
- Place of taxation: Income tax is assessed at the taxpayer's place of residence (in France).

Persons not having their fiscal domicile in France (subject to international conventions on double taxation between France and the person's own government)

- Persons who do not have their fiscal domicile in France, **and have no place of residence in France:** Subject to French income tax on income from a French source = Taxed according to the progressive scale in the same way as persons domiciled in France, but with a minimum rate of 20%.

▶ **but have a place of residence in France:** Subject to French income tax, either on income from a French source, or, if such income is non-existent or less high, on a flat-rate basis equal to 3 times the rental value of that residence (and taxed on the progressive scale).

- Subject to tax in France on all income from buildings situated in France.
- Withholding at source (deducted by the paying establishment before paying the amounts):

▶ **Salary and wages:** Withholding is calculated according to a 3-tranche scale:

For remuneration of company directors based in France, except cases coming under the category of dividends and other distributed income;

▶ **Dividends and other income distributed by a French company:** rates of 25% in general but international adjustments may provide for a different rate

▶ **Capital gains on disposal of corporate rights** when the stakeholding is more than 25%: rate of 16%

▶ **Profits made on the sale of property or shares in unlisted predominantly-property companies:** rate of 16% or 33 $\frac{1}{3}$ % depending on whether or not the person is a national of an EU Member State, Iceland or Norway.

- **Tax return:** Obligation to send the tax department for non-residents an annual tax return of their income which must provide details of all income from a French source.
- **Tax return deadline:** 30 June unless otherwise specified.
- **Place of taxation:** Determined by the tax department for non-residents.
- **Penalty for failing to file a tax return:** Automatic taxation.

WEALTH TAX (IMPOT DE SOLIDARITE SUR LA FORTUNE – “ISF”)

ISF is payable by individuals whose total wealth exceeds the tax threshold at 1 January (€770,000 at 1 January 2008)

Persons having their fiscal domicile in France

Tax on all property in or outside France (unless an international convention is in force)

If there is no international tax convention, double taxation is avoided by offsetting against the ISF payable in France any wealth tax (or capital tax) paid in other countries on movables and immovables (that are not exempt in France) situated outside France.

Persons not having their fiscal domicile in France

ISF on property situated in France:

- Tangible property with a physical base in France,
- Intangible property or real property,
- Shares or equity in companies or unlisted entities whose assets are majoritarily constituted (over 50%) of intangible or real property situated in France,
- Receivables from a debtor established in France and transferable securities issued by the French government or a legal entity that has its headquarters in France.

Your Accountant is
your best consultant.

Don't hesitate to contact us!