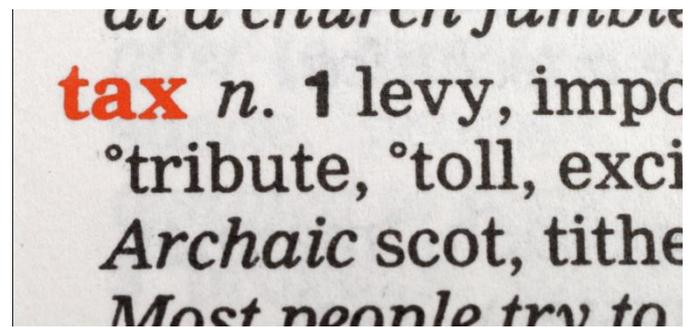
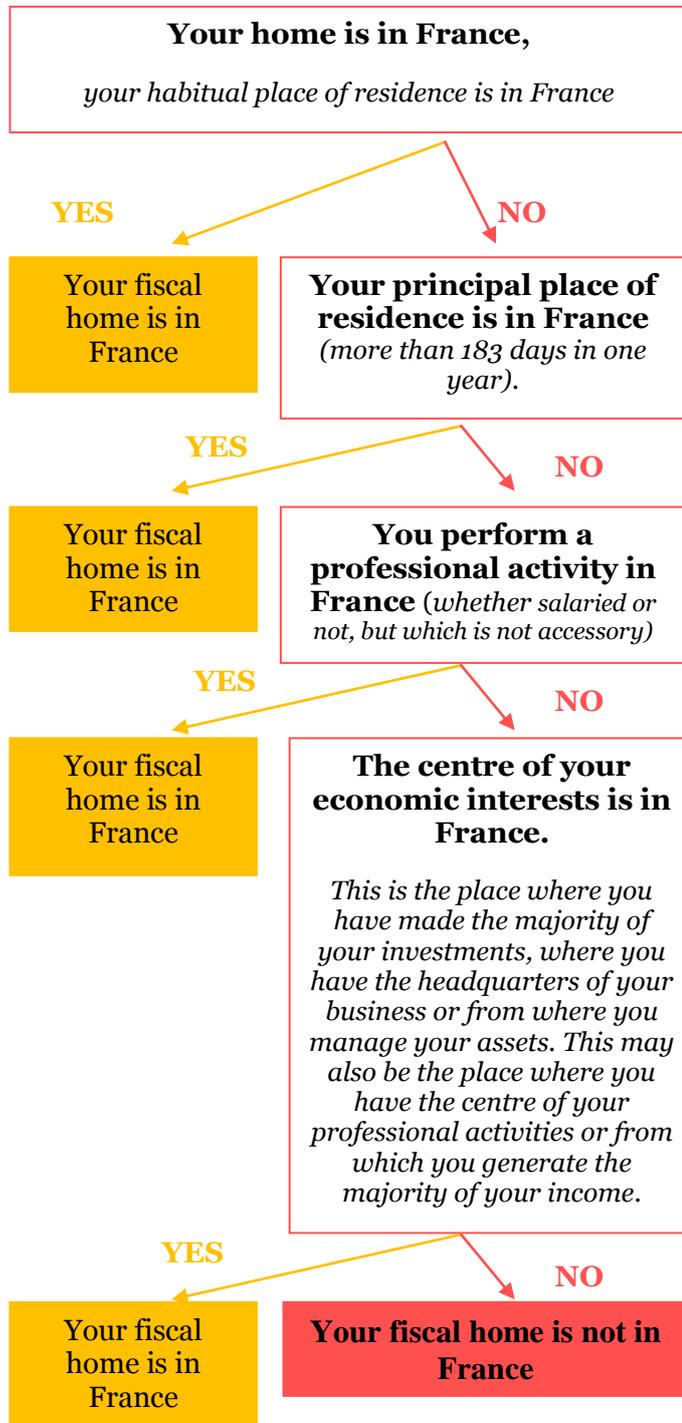


## DEFINITION OF FISCAL DOMICILE

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 the entirety of their income (whether this is of French or foreign origin), whatever their nationality.
- The progressive scale of income tax is from 0 to 40%.
- They are also subject to capital gains tax at a proportional rate on profits realised by individuals by the sale of transferable securities or shares: from 0% to 30% depending on the type, and the length, of the share position held.
- 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 of inferior value, on a flat-rate basis equal to 3 times the rental value of that residence (and taxed according to the aforementioned progressive scale).

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

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

*For remuneration of directors of companies established 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 the sale of shares** when the stakeholding is more than 25%: rate of 18%

▶ **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 file an annual tax return detailing all income originating in France, to the tax department for non-residents.
- **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 (€790,000 at 1 January 2010)

### Persons having their fiscal domicile in France

#### Tax on all property inside/outside of France (unless an international convention is in force)

If there is no international tax convention, double taxation is avoided by offsetting the ISF payable in France against any wealth tax (or capital tax) paid in other countries on movable and immovable assets (that are not tax 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,
- Real-estate or shares in real-estate companies,
- Shares or equity in companies or corporation which are not listed on a stock exchange, and whose assets are predominantly constituted (over 50%) of real-estate, or shares in real-estate companies, 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.

Please note that this information has to be confirmed by your chartered accountant by taking into consideration your particular situation and the applicable bilateral tax treaties.

Your Accountant is  
your best consultant.  
**Don't hesitate to contact us!**