

2011 TAXES

EMPLOYEES WORKING OUTSIDE OF FRANCE

- You are leaving France
- You live outside France
- You are returning to France
- Taxation and payment

MAKE YOUR TAXES EASIER

Join the 58,000 users living abroad who filed their income tax returns online in 2010 and the 59,000 taxpayers who paid their taxes by modern payment means (monthly instalments, direct debit on payment due date, online payment, etc.).

➤ The www.impots.gouv.fr website makes your dealings with the tax administration easier by:

- Cutting out the distance and constraints involved in sending paper returns;
- Giving you the option of a simple procedure.

On the site, you can:

- **File your income tax return online** as of May every year from any computer;
- **Create your own subscriber space** and make the most of our totally secure online services;
- **Consult your tax account** year round to see your last three years' income tax returns and tax assessment notices (income tax, residence tax and real property tax) and see where you are with your payments;
- **Pay online** and manage your direct debits. You can pay in total security and can even alter the amount of one of your instalments.
- **Ask general questions by e-mail** (www.impots.gouv.fr<contacts<choisissez un thème : Personnes domiciliées hors de France).

These online services are **free of charge**.

The following information applies to employees working abroad.

➤ **You are considered to be working abroad if you work outside of:**

- Mainland France, the coastal islands and Corsica,
- The French overseas *départements* (Guadeloupe, Martinique, French Guiana and Réunion).

➤ **Does your “residence for tax purposes” remain in France?**

Subject to the international tax treaties, you are considered to reside in France for tax purposes if you fulfil one or more of these criteria:

- Your household (spouse or civil partner and children) remains in France, even if, for professional reasons, you have to live in another country temporarily or most of the year. If you do not have a household, your residence for tax purposes is defined as your main abode;

- You work as a salaried employee or non-wage earner in France, except if this job is incidental;
- The centre of your economic interest lies in France. This is the place of your main investments, the head office for your business dealings, the centre of your professional activities, or the place where you make most of your income.

If your “residence for tax purposes” is outside France, you are only taxable in France **if** you have income arising in France or if you have one or more residential properties in France.

If your “residence for tax purposes” remains in France, you are liable to tax in France on all your income, including the remuneration for your work abroad. You are therefore required to file your income tax return with the tax assessment service that covers your usual residence.

In addition, you are required to notify us of the references of bank accounts (in use or closed) opened abroad (form 3916, available online or on paper, to be enclosed with your 2042 income tax return).

IF YOUR “RESIDENCE FOR TAX PURPOSES” IS NO LONGER IN FRANCE: YOUR FORMALITIES

What to do the year you transfer your residence for tax purposes abroad

➤ Don't forget to inform your Public Finances Centre as soon as possible of your new address abroad (don't wait until you file your tax return) so that we can send your tax return to your address abroad.

➤ The year following your departure abroad, you may file your income tax return online on www.impots.gouv.fr or with the tax assessment service covering your former usual residence in France. This return will declare your income from 1 January to the date of your departure abroad.

If you continue to receive income arising in France following your departure abroad, declare this income on form 2042 NR and enclose this form with your usual tax return. If you receive no income arising in France following your departure, state that this is the case in the “Renseignements” box when you file your return online or on a separate sheet stapled to your paper income tax return.

➤ **The following years:** File your income tax return online on www.impots.gouv.fr or send your 2042 income tax return form to the Service des Impôts des Non-Résidents **if you continue to receive income arising in France and taxable in France.**

➤ **The year of your return to France:** Inform the Service des Impôts des Non-Résidents of your new address as soon as possible if you were covered by this service for tax purposes in the previous years.

File your return online on www.impots.gouv.fr or send your tax return to the Service des Impôts des Non-Résidents, clearly stating your new address in France to make sure that your details are transferred to the tax assessment service covering your new residence. The year of your return to France, the deadline for filing your tax return is the same as that set for residents.

➤ **Local taxes:** During your period abroad, you remain liable for local taxes (residence tax, real property tax and, where applicable, vacant premises tax) on the real property you have or own (these taxes are managed by the tax assessment services covering the district where the property is located).

HOW TO PAY YOUR TAXES

➤ **If you have a bank account in France,** you can pay by:

- Monthly instalments to improve your household budget management by spreading your tax payments over the year (you can subscribe to this service on www.impots.gouv.fr <particuliers>payez votre impôt <accédez au service en ligne de paiement des impôts up to the payment deadline given on your tax assessment notice or by sending a letter by the 30th of the previous month to the Direct Debit Service Centre (Centre Prélèvement Service, 59868 Lille Cedex 9, France – e-mail: cps.lille@finances.gouv.fr – fax: +33 (0)3 20 62 82 55 – tel: +33 (0)810 012 009 from 8.30 a.m. to 7.00 p.m.,
- Direct debit on the payment due date if you would rather continue paying on the normal due dates to benefit from a cash-flow advantage (sums are debited ten days after the payment deadline),

- Direct online payment (sums are debited five days after the payment deadline).

➤ **If you do not have a bank account in France,**
you can pay the Trésorerie des Non-Résidents by bank transfer.

➤ You can also use one of the classic means of payment: the original of your signed interbank payment order (TIP), enclosing your bank details when you first use it, or by cheque (made payable to “Trésor Public”) enclosing the original of the payslip detached from your tax assessment notice or instalment payment notice.

Do make sure, however, that the sum due has been debited from your bank account.

The bank details of the Trésorerie des Non-Résidents are:

IBAN No.	RIB
FR76-3000-1000-6400-0000-9086-903 Agence Banque de France, 31 rue Croix des Petits Champs, 75049 Paris Cedex 01, France SWIFT No.: BDFEFRPP CCT Important: make sure you include the references of your payment (last name, first name, reference of your tax assessment notice, and the Banque de France details).	30001-00064-64880000000-26

If your tax due is over €50,000, you must pay by direct online payment, monthly instalments, direct debit on the payment due date or bank transfer (for individuals with bank accounts in France).

➤ **Special cases:**

- You pay by monthly instalments and you receive a prepayment notice: send the prepayment notice back to the relevant tax collection office with your monthly instalment subscriber number and the address of the tax collection office that deals with your contract. This contract remains in force.
- You receive a prepayment notice (or you continue to be debited monthly) when you are no longer taxable in France: ignore the notice. If you use the monthly instalment system, request the termination of your contract in writing or terminate your contract online on the www.impots.gouv.fr website.
- You receive a reminder when you have paid the tax by the payment deadline: the fact that you are abroad could mean that the tax payment arrived after the deadline. Make sure that you take account of postal delivery times. If you are sure you paid before the deadline, ignore the reminder. However, do make sure that the amount due has definitely been debited from your bank account.
- You receive a tax assessment notice when you have just received a refund on your instalment payments. This happens when your income is taxed late. Pay the entire amount directly to the tax collection office that appears on the notice.

There are four possible cases, depending on your situation

	Your “residence for tax purposes” is outside of France ¹	Your “residence for tax purposes” is still in France
You have income arising in France ²	<p>Case No. 1</p> <p>You are liable to French income tax only on the income arising in France. Some of your income is taxed at source or subject to a levy.</p> <p>Given that the income taxable in France only accounts for part of your income, <u>you cannot deduct any expenses from the total income.</u></p> <p>Taxation is calculated on a sliding scale, with a minimum rate of 20%. This rate may be reduced if you meet certain conditions.</p>	All your income is taxable in France, including the remuneration for your work abroad.
You do not have any income arising in France, but you have one or more residential properties in France	<p>Case No. 2</p> <p>You are liable to income tax on a flat-rate basis of assessment equal to three times the rental value of these properties. However, there are some exceptions to this rule.</p>	
You are sent by your employer to a country other than France and other than the country in which this employer is established ³		<p>Case No. 3 A</p> <p>This remuneration is totally exempt from income tax in France if the remuneration from your work abroad is liable in the country where the job is worked to tax equal to at least two-thirds of the tax that would be paid on it in France.</p>
		<p>Case No. 3 B</p> <p>Below this threshold, you will be taxed on the remuneration earned for the work abroad up to the level of taxation that would have been applied in France for the same work. Remuneration supplements paid for living abroad may be exempt in certain circumstances. Your remuneration may be exempt if you meet certain conditions.</p>
Your work abroad concerns certain activities defined by law as exceptions		<p>Case No. 4</p> <p>Your remuneration may be exempt if you meet certain conditions.</p>

¹ All countries and territories with the exception of mainland France and the French overseas *départements*.

² Subject to provisions to the contrary in tax treaties between France and certain countries. See the international treaties on the www.impots.gouv.fr website.

³ The employer must be established in France, the European Union, Norway or Iceland.

CASE No. 1:

YOUR “RESIDENCE FOR TAX PURPOSES” IS OUTSIDE OF FRANCE, BUT YOU HAVE INCOME ARISING IN FRANCE

Subject to provisions to the contrary in the tax treaties⁴ between France and certain countries, only your income arising in France will be taxed.

Rules governing the taxation of income arising in France:

The following taxable income is subject to the sliding scale, with a minimum rate of 20%:

- Income from real property located in France and rights on this property;
- Income from operations located in France;
- Earned income, both wage and non-wage, from professional activities in France;
- Income corresponding to artistic and sports services provided or used in France;
- The following income, when the payer resides for tax purposes in France or is established in France:
 - Pensions and annuities (see the particularities described below);
 - Income received by inventors and by authors and composers in the form of royalties;
 - Income from industrial and commercial property rights;
 - Sums paid by way of remuneration for services provided or used in France.

Particularities concerning wages, salaries, pensions and annuities:

- **Wages, pensions and annuities arising in France** and paid to non-residents are taxed at source, subject to provisions to the contrary in the tax treaties. The employer or payer deducts the tax at source from the net taxable amount, i.e. after the 10% deduction for professional expenses. The deduction at source is calculated by income brackets at rates of 0%, 12% and 20% (and 8% and 14.4% for wages paid to non-residents for work conducted in French overseas *départements*). Income received by artistic and sports persons is subject to a single rate of 15%. Amounts that have been taxed at source at 0% or 12% (or 8% if the wages are paid in French overseas *départements*) are **not subject to any further taxation** provided they are paid by a single payer. Only the sums in excess of the 12% bracket are taxed in keeping with the sliding scale, with a minimum rate of 20%. You will need to fill in special form 2041-E “Personnes fiscalement domiciliées hors de France” to determine the amount to be declared on the income tax return.⁵

Are you eligible for a lower rate of taxation?

To benefit from the application of this measure, declare the amount of your income arising in France and abroad⁶ (Box 8TM or a separate sheet of paper) and have available for the administration any substantiating documents evidencing the amount of your income arising abroad.

If the average rate of taxation on your income arising in France and abroad calculated by applying the sliding taxation scale is below 20%, the administration will apply this rate of taxation.

⁴ See the tax treaties on www.impots.gouv.fr.

⁵ Form 2041-E is available on www.impots.gouv.fr or from any Public Finances Centre.

⁶ Nature and sum of each item of income.

The following income is subject to a levy:

- **Investment income** (dividends, interest, etc.) is taxable in France, but the financial establishment applies a flat-rate levy discharging income tax liability.

Do not declare this income on your income tax return.

- **Capital gains** are liable to taxation at the time of sale, subject to the international tax treaties, when they are:

- Capital gains from sales of goodwill or real property located in France or stocks and shares in companies not listed on the stock exchange, when their assets are made up mainly of such property;
- Capital gains from the sale of holdings or securities in companies with their registered office in France, when the seller or shareholder or partner from whom the shares are purchased, along with his or her spouse, their ascendants and descendants, hold or have held at some point in the last five years over 25% of the shares (form 2074);

Do not declare this income on your income tax return.

WHEN TO FILE YOUR INCOME TAX RETURN

Country of employment	Filing deadline
Europe, Mediterranean countries and North America	30 June
Africa	30 June
Central and South America	15 July
Asia (excluding Mediterranean countries), Oceania and countries not mentioned above	15 July

NB: On your return to France, the deadline for filing your tax return is the same as that set for residents.

WHERE TO FILE YOUR RETURN

File online at www.impots.gouv.fr or send your income tax return to the Service des Impôts des Particuliers des Non-Résidents (SIPNR)

TSA 10010

10, rue du Centre

93465 Noisy-le-Grand Cedex

France

Switchboard: +33 (0)1 57 33 83 00

Fax: +33 (0)1 57 33 81 02

e-mail: nonresidents@dgif.finances.gouv.fr. When sending e-mails, please provide your last name, first names, address and tax number (numéro fiscal) as shown on your tax assessment notice.

See pages 4 and 5 for income tax return filing procedures and payment methods.

CASE NO. 2:

YOUR “RESIDENCE FOR TAX PURPOSES” IS OUTSIDE OF FRANCE, BUT YOU HAVE ONE OR MORE RESIDENTIAL PROPERTIES IN FRANCE

You are liable to income tax on a flat-rate basis of assessment equal to three times the rental value of these properties. The purpose of this measure is to establish a minimum contribution that applies even in the absence of income arising in France.

However, there are exceptions to this rule. The following are not concerned:

- Persons who receive income arising in France whose amount is greater than the flat-rate basis of assessment;
- Persons residing for tax purposes in a country or territory that has concluded a tax treaty with France to avoid double taxation;
- Persons of French nationality when they provide evidence of being liable, in the country or territory in which they reside for tax purposes, to a personal tax on all their income equal to at least two-thirds of the tax they would have to pay in France on the same bases of assessment;
- The nationals of countries that have signed a tax treaty with France.

Likewise, this measure does not apply the year of transfer of residence for tax purposes outside France and the following two years to taxpayers of French nationality who provide evidence that this transfer is due to professional imperatives and that their residence for tax purposes was located in France on a continuous basis for the four years preceding the year of the transfer. This exemption is also applicable to the nationals of countries that have signed a tax treaty with France.

Enclose an appended note with your 2042 income tax return form detailing the address of these properties and their actual rental value.

WHEN TO FILE YOUR INCOME TAX RETURN:

Country of employment	Filing deadline
Europe, Mediterranean countries and North America	30 June
Africa	30 June
Central and South America	15 July
Asia (excluding Mediterranean countries), Oceania and countries not mentioned above	15 July

WHERE TO FILE YOUR RETURN:

File online at www.impots.gouv.fr or send your income tax return to the Service des Impôts des Particuliers des Non-Résidents (SIPNR)

TSA 10010

10, rue du Centre

93465 Noisy-le-Grand Cedex

France

Switchboard: +33 (0)1 57 33 83 00

Fax: +33 (0)1 57 33 81 02

e-mail: nonresidents@dgfip.finances.gouv.fr. When sending e-mails, please provide your last name, first names, address and tax number (numéro fiscal) as shown on your tax assessment notice.

See pages 4 and 5 for income tax return filing procedures and payment methods.

CASE NO. 3:

YOU ARE SENT BY YOUR EMPLOYER TO A COUNTRY OTHER THAN FRANCE AND OTHER THAN THE COUNTRY IN WHICH THIS EMPLOYER IS ESTABLISHED

CASE 3 A:

YOUR “RESIDENCE FOR TAX PURPOSES” IS STILL IN FRANCE, BUT THE REMUNERATION FOR YOUR WORK ABROAD IS LIABLE IN THE COUNTRY WHERE YOU WORK TO TAX EQUAL TO AT LEAST TWO-THIRDS OF THE TAX YOU WOULD PAY ON IT IN FRANCE

- This remuneration is totally exempt from income tax in France.
- Your household's other income is taxable in France under the standard procedure.

WHEN AND WHERE TO FILE YOUR INCOME TAX RETURN

You must file your income tax return by the usual deadlines either online or with the tax assessment service covering your “residence for tax purposes” in France.

CASE 3 B:

YOUR “RESIDENCE FOR TAX PURPOSES” IS STILL IN FRANCE, BUT THE REMUNERATION FOR YOUR WORK ABROAD IS LIABLE IN THE COUNTRY WHERE YOU WORK TO TAX EQUAL TO LESS THAN TWO-THIRDS OF THE TAX YOU WOULD PAY ON IT IN FRANCE

- In this case, the remuneration earned for your work abroad is taxable up to the level of taxation that would have been applied in France for the same work.
NB: Any remuneration supplements you receive for living in the other country are exempt from income tax in France if they satisfy all the following conditions:
 - “1° They are paid for periods worked abroad in the employer's direct and exclusive interest;
 - 2° They are justified by a physical transfer requiring residence of at least 24 hours in the other country;
 - 3° They are determined before you leave France, are calculated based on the length, number and place of the periods of work abroad, and account for less than 40% of the remuneration you would have received had you stayed in France.”
- Your household's other income is taxable in France under the standard procedure.

WHEN AND WHERE TO FILE YOUR INCOME TAX RETURN

You must file your income tax return by the usual deadlines either online or with the tax assessment service covering your “residence for tax purposes”.

CASE NO. 4:

YOUR “RESIDENCE FOR TAX PURPOSES” IS STILL IN FRANCE, BUT YOU CARRY ON CERTAIN WAGE-EARNING ACTIVITIES ABROAD

- You carried on your salaried duties:

- **Either for more than 183 days over a period of 12 consecutive months in the following fields:**
 - Construction and assembling sites, installation of industrial assemblies, their start-up, their operation and associated engineering;
 - Exploration and mining of natural resources;
 - Navigation on board vessels registered on the French international register,
- **Or for more than 120 days over a period of 12 consecutive months in market research.**

Your remuneration is eligible for exemption if you meet the following conditions:

- You were posted abroad by your employer;
- You resided in France for tax purposes before your departure;
- Your employer must be established in France or in another European Union Member State, in Iceland or Norway.

Important: These provisions do not apply to border workers or public servants.

WHEN AND WHERE TO FILE YOUR INCOME TAX RETURN

You must file your income tax return by the usual deadlines either online or with the tax assessment service covering your “residence for tax purposes” in France.

WHERE TO FIND INFORMATION

<p>1 – On your tax calculation</p> <p>Centre des Finances Publiques des Non-Résidents (Centre des Impôts des Non-Résidents) TSA 10010 10 rue du Centre 93465 Noisy-le-Grand Cedex. France Fax: +33 (0)1 57 33 81 02 or 03</p> <p>2 – On your tax payment</p> <p>Centre des Finances Publiques des Non-Résidents (Trésorerie des Non-Résidents) 10 rue du Centre 93463 Noisy-le-Grand Cedex. France Fax: +33 (0)1 57 33 90 31</p>	<p>Joint switchboard: +33 (0)1 57 33 83 00 9 a.m. to 4 p.m. Monday to Friday</p> <p>e-mail: nonresidents@dgifp.finances.gouv.fr <i>When sending e-mails, please provide your last name, first names, address and tax number (numéro fiscal) as shown on your tax assessment notice.</i></p>
<p>2 – On payment by monthly instalments and direct debit on the payment due date</p> <p>Centre de Prélèvement Service de Lille 59868 Lille Cedex 9 France Fax: +33 (0)3 20 62 82 55 or 56</p>	<p>Switchboard: +33 (0)810 012 009 8.30 a.m. to 7.00 p.m. Monday to Friday e-mail: cps.lille@finances.gouv.fr</p>

You can consult the following website:

- The tax administration at your service: www.impots.gouv.fr

THIS LEAFLET IS A SIMPLIFIED DOCUMENT. FOR FULL INFORMATION, SEE THE RELEVANT LEGISLATION, REGULATIONS AND INSTRUCTIONS.