

INDIVIDUALS WHOSE RESIDENCE FOR TAX PURPOSES IS OUTSIDE FRANCE

No. 2041-E

Your pre-filled 2014 income-tax return (form 2042) will be posted to you shortly in a separate mailing. If you do not receive it, you can file your return online or download it from your user account on impots.gouv.fr:

2014 INCOME TAX

Dear Sir or Madam,

If you live outside France and want to know what your tax obligations are, especially with regard to filing your income-tax return and paying your income tax, **then this document will answer your questions.**

It presents:

- The tax administration's new information and communication tools, particularly suited to deal with your distance constraints (p1).
- The information you need for determining **whether you need to file an income-tax return for income received in 2014** (p2).
- The income you have to declare and helpful advice on filling in your income tax return (p5).
- How your income tax is calculated (p10).
- Useful information on all personal taxes, payment and whom to contact for assistance (p14).

If you live abroad, the Public Finances General Directorate offers remote services available round the clock on impots.gouv.fr

Documentation specially tailored to your needs:

- A section dedicated to non-residents' taxation and formalities: impots.gouv.fr>International>Vivre hors de France OR impots.gouv.fr>Particuliers>Vos préoccupations>Vivre hors de France
- Texts of all international tax treaties: impots.gouv.fr>Documentation>International or by clicking on the link in the section above.

Simple, free and totally secure online services perfectly suited to dealing with your distance constraints. These services are available in your online user account, which you can access by entering your tax number (included on your tax return) and password. You must create an account on your first visit to the site.

1st free service: File your tax return online

What are the advantages of filing online?

- You are free from postal constraints and delivery times related to receiving and sending your return.
- Your pre-filled tax return is displayed on screen (Note: tax deductions at source are not included and the income displayed is not necessarily all taxable in France). Check that the amounts are correct and change them if necessary, especially if some income is not taxable in France, which depends on your country of residence.
- You can fill in all the returns you need ("additional" 2042 forms, 2044 for real property income, 2041-E on taxation at source, etc.).
- This service can be accessed from any computer.
- Your information is processed and a notice to pay sent to you within the year, which means no more unexpected adjustments of your payments on account and monthly direct debits.

2nd free service: Pay online and manage your direct debit contracts

Do you want to pay quickly, easily and securely or even alter one of your direct debit amounts without having to send a letter, go to the tax office or fill in yet another form? Do it in a few clicks in your online user account.

- If you have a bank account in France, you can pay your taxes online and manage your direct debit contracts (payment by monthly instalments and direct debit on the payment due date).
- Payment on the due date, not to be confused with credit card payment, is an extremely flexible direct debit solution. Your account is debited ten days after the payment deadline.

3rd free service: Check your tax status

Another particularly useful, user-friendly remote service for non-residents to:

- Immediately access all your tax assessment notices (income tax, residence tax, real property tax, etc.) without waiting for them to reach you by post.
- Display a full statement of payments made and your schedule of payments due.

**YOU LIVE ABROAD.
YOU NEED TO FILE FORM 2042 FOR YOUR 2014 INCOME**

1. If your household is established outside France (all non-French countries, the French overseas communities,⁽¹⁾ New Caledonia and French Southern and Antarctic Lands⁽²⁾) and you receive any of the following income:

- Income from real property in France and rights on this property: rights in rem (bare ownership, usufruct, etc.) and assets (stocks or shares in real estate companies); see §14 and following below.
- Income from French variable-interest securities and all other income from movable capital investments in France (income from shares, income from fixed-interest investments, etc.).
- Income from agricultural, industrial and commercial concerns located in France.
- Income from wage and non-wage professional activities carried on in France and more particularly:
 - Wages, salaries, remuneration and emoluments, provided the activity paid for is carried on in France;
 - Remuneration of directors of French companies;
see §11 and following below.
- Income from other operations for financial gain.
- Capital gains from the sale of goodwill in businesses operating in France and real property located in France, their associated rights in rem and stocks and shares in companies, funds or bodies whose assets are made up mainly of such property and rights
- Capital gains on the disposal of securities as mentioned in Article 150-0 A of the French General Tax Code arising from the disposal of an equity stake in companies having their registered offices in France when subject to the levy provided for in Article 244 *bis* B of the French General Tax Code.
- Sums, including salaries, corresponding to artistic and sports services provided or used in France.

2. The following are also considered to be income arising in France when the person or entity that pays the income resides for tax purposes in France or is established in France:

- Pensions and annuities, regardless of the country or territory in which the services that the pension remunerates were provided.
- Income received by inventors or in the form of royalties as well as all income arising from industrial and commercial property and similar rights.
- The sums paid to natural persons, companies and any other legal entities without fixed business premises in France, in remuneration for services of all kinds materially provided or effectively used in France.

3. This document only concerns persons residing outside of France

• **This leaflet does not concern the following, irrespective of their nationality:**

- Persons who are defined by Article 4 B-1 of the French General Tax Code as:
 - 1) Having their household or main residence in France.
 - 2) Carrying on a professional activity, wage or non-wage, in France unless they can prove that this employment is incidental.
 - 3) Having their main business interests located in France.
- Government employees who, under the terms of Article 4 B-2 of the French General Tax Code, are performing their duties in or posted to a foreign country and are not liable in said country to a personal tax on all their income.
- Natural persons of French nationality who reside in Monaco and who come under the scope of Article 7-1 of the amended tax treaty between France and Monaco of 18 May 1963. These are persons of French nationality who cannot provide evidence that their main residence has been in Monaco since 13 October 1957.
- Persons who reside in Saint-Barthélemy or Saint-Martin who have transferred their tax residence to one of these French overseas collectivities after 15 July 2007 and who do not satisfy the five-year residence rule for tax purposes.⁽¹⁾

If your household (spouse and children) remains in France, you continue to reside in France for tax purposes even if, for work-related reasons, you have to live in another country temporarily or most of the year, unless your spouse and yourself have separate estates.

However, the rules set out in Article 4 B of the French General Tax Code apply subject to the rules of international treaties. Consequently, persons regarded as residents of another State under a tax treaty between France and that State cannot be regarded as residents of France for tax purposes in respect of the implementation of French domestic law, even though they would be regarded as residing in France for tax purposes under the above-mentioned Article 4 B: see paragraph 30 below. This document also applies to those persons.

• **In all other cases, tax households are not deemed to reside for tax purposes in France**

Information on income to be declared in certain cases

If one of the spouses (married or civil union) resides for tax purposes outside France and the other resides for tax purposes in France, the household's tax obligation in France concerns:

- All of the income of the spouse residing in France for tax purposes;
- The other spouse's income arising in France (see §1).

Likewise, if a dependent child in the household does not reside for tax purposes in France, only his or her income arising in France is included in the joint taxation.

Disabled dependents as defined in Article 196 A *bis* of the French General Tax Code must reside with the taxpayer and are therefore necessarily regarded as residing in France.

Note: The number of tax units in the household (*quotient familial*) will be calculated taking into account all the members of the tax household, whether or not they reside in France for tax purposes. Income arising outside France for the spouse residing outside France (e.g. wages paid abroad) is excluded from the calculation of tax in France.

(1) The five-year tax residence rule applies only to persons who have transferred their residence for tax purposes to the communities of Saint-Barthélemy or Saint-Martin after 15 July 2007. The rule does not have the same impact for persons who have established their residence for tax purposes in Saint-Barthélemy or Saint-Martin. Natural persons who have resided in Saint-Barthélemy for at least five years are regarded as residents of Saint-Barthélemy for tax purposes. This provision applies to any person who is not already a resident of the island.

Unlike for Saint-Barthélemy, the five-year residence rule for tax purposes for Saint-Martin applies only to natural persons who were residents for tax purposes in metropolitan France (mainland + Corsica) or the French overseas *départements* (DOMs) before transferring their residence for tax purposes to Saint-Martin.

(2) Mayotte *département* is no longer classified as being outside France starting from the taxation of 2013 income onwards.

The persons concerned are liable to tax in France if they have income from French sources or if they have a residence in France, unless expressly stipulated otherwise in a tax treaty.

4. You are also concerned if you have one or more residential properties in France

Persons who do not have their residence in France and who have one or more residential properties in France, in any capacity whatsoever, directly or via a third party, are liable for income tax on a minimum flat-rate basis of assessment equal to three times the rental value of the property(ies). The purpose of this measure, laid down by Article 164 C of the French General Tax Code, is to establish a minimum contribution to be paid by these persons. This measure **does not apply** to taxpayers:

- Who receive income arising in France whose amount is greater than the flat-rate basis of assessment, in which case the amount of this income serves as the basis for the taxation.
- Who reside for tax purposes in a country or territory that has concluded a tax treaty with France to avoid double taxation.
- Who have 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 basis of assessment.
- Who are nationals of countries that have signed a reciprocal agreement with France and satisfy the condition stipulated in the paragraph above.
- Who have Monegasque nationality or who are French nationals holding the certificate of residence for tax purposes and living in Monaco, for a second home situated in the Provence-Alpes-Côte d'Azur region (see Ehrmann ministerial response published in the French National Assembly Official Journal of 5 November 1990).

This measure does not apply either, in the year of the transfer of residence for tax purposes outside of France and the subsequent two years, to taxpayers of French nationality who can provide evidence that this transfer was for work-related obligations and that their residence for tax purposes was in France on a continuous basis during the four years preceding the transfer. This exemption also applies to the nationals of countries that have concluded a reciprocal agreement with France.

Persons in this case must enclose a note with form 2042 stating the address and rental value of such property.

For more information, see the website: impots.gouv.fr>Particuliers>Vos préoccupations.

5. You are a central-government employee posted outside France

If your household remains in France, your situation does not change. You continue to reside in France for tax purposes and you are liable to income tax at your place of residence.

If your household has not remained in France, there are two possible cases:

- Case No. 1: Your household has not remained in France and you are not liable, in the country in which you work, to a personal tax on all your income. In this case, you have an unlimited tax obligation in France on all your income and you are liable to income tax in keeping with the standard conditions.
- Case No. 2: Your household has not remained in France and you are liable to a tax in the country in which you work. You are therefore liable to income tax in France only on your income arising in France in keeping with the conditions stipulated in the *How Is Your Income Tax Calculated?* section of this leaflet.

In all cases, please fill in the “Other information” (*Renseignements complémentaires*) box on form 2042, stating that you are a central-government employee working abroad.

For more details on this tax status and its applicability, see §80 of BOFIP BOI-RSA-GEO-20.

WHERE AND WHEN TO FILE YOUR 2014 RETURN

6. If you satisfy the above-mentioned conditions, declare online on impots.gouv.fr or send your income-tax return to the following address:

Service des Impôts des Particuliers Non-Résidents 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 03 e-mail: sip.nonresidents@dgfip.finances.gouv.fr
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In this case, you must file an income-tax return for your entire year's income by the following deadlines, **regardless of your country of residence**:

	Filing deadline
By post	19 May
Online	9 June

Note

You need to file your income-tax return with the Public Finances Centre **that covers your residence in France if:**

- Your household or main residence is in France.
- You carry on a professional activity, wage or non-wage, in France unless you can prove that this employment is incidental.
- The centre of your economic interest lies in France.

For all paper tax returns, and to make it easier for us to contact you, we strongly recommend that you provide us with an email address.

IF YOU TRANSFERRED YOUR TAX HOUSEHOLD ABROAD IN 2014

7. You need to file form 2042 enclosing, where necessary, additional form 2042 NR listing all the items needed to calculate your taxable income:

- For the period from 1 January 2014 to the day you transferred your residence abroad: enter the amount of income you received before this date on form 2042;
- For the period following the transfer of residence, enter the amount of income arising in France and taxable in France as of your departure abroad on additional form 2042 NR;

If your basis of assessment is equal to three times the actual rental value of your residential property(ies) in France, enclose the note described in §4 above with your income-tax return.

8. Notes

- Since 2005, **you no longer have to fill in a tax clearance statement the year you transfer your residence for tax purposes abroad.**
- If you have transferred your tax household to a French overseas collectivity or New Caledonia, you have the same obligations as if you transfer your residence for tax purposes abroad (see §7 above). If you reside in Saint-Barthélemy or Saint-Martin, the same holds true for the year in which you satisfy the five-year residence rule for tax purposes (see §3 above).
- If you have transferred your residence to Monaco.
 - If you have French nationality and any other nationality, except Monegasque nationality, and you transfer your residence to Monaco, you are regarded as still residing in France for tax purposes. For the year of the transfer of residence and all subsequent years, you remain liable to tax on the same terms as if you had kept your residence in France. You must send your income-tax return to the Service des Impôts des Particuliers (SIP) de Menton
– Service des Résidents de Monaco – 7, rue Victor Hugo – 06507 Menton Cedex – France (e-mail: sip.menton@dgfip.finances.gouv.fr – Tel: +33 (0)4 93 28 62 78).
- If you transferred your residence for tax purposes abroad before 1 January 2005 to a State other than the States that are parties to the agreement on the European Economic Area (EEA) having signed a treaty with France on administrative assistance for combating tax fraud and tax evasion, and if you have been entitled to a deferral of income tax and social-security contributions on capital gains at the time of the transfer, the deferral expires on the date of transfer, redemption, reimbursement or retirement of the securities. Tax relief shall, however, be granted when you re-establish residence for tax purposes in France and the tax deferral is reinstated. If, instead, the tax has been paid when you transferred your residence for tax purposes abroad, it cannot be refunded. If the tax deferral has expired, or if you have re-established residence for tax purposes in France, you must file forms 2042 and 2041-GL with the Service des Impôts des Particuliers Non-Résidents.
- If you transferred your residence for tax purposes abroad in 2014, you are liable to income tax and social-security contributions at the time of your departure for (1) certain unrealised capital gains on shares, stocks, securities, or voting rights; (2) receivables originating in a contractual additional sale price clause; and (3) certain tax-deferred capital gains (exit tax).

The persons liable to tax on unrealised capital gains on shares, stocks, securities, or voting rights, and on receivables originating in a contractual additional sale price clause are the taxpayers who have been residing in France for tax purposes for at least six of the ten years prior to transferring their residence for tax purposes abroad. By contrast, all taxpayers who have transferred their residence for tax purposes abroad are liable to tax on their tax-deferred capital gains at the time of the transfer.

Unrealised capital gains are taxable when, at the time of the transfer of residence for tax purposes abroad, the taxpayer and the members of his or her tax household owns:

- a direct or indirect stake of at least 50% in a company;
- one or more direct or indirect stakes in companies whose total value exceeds €800,000 at the time of the transfer of residence.

The unrealised capital gains are assessed on the difference between the value of the securities on the transfer date and their acquisition price or value. The unrealised capital gains thus computed are reduced, when applicable, by the tax allowance for length of ownership pursuant to Article 150-0 D or Article 150-0 D *ter* of the French General Tax Code.

For receivables originating in a contractual additional sale price clause, you must estimate the value at the transfer date.

As of 1 January 2013, a progressive tax scale is applied to capital gains and receivables subject to the exit tax.

You are automatically entitled to a stay of collection on your taxes, without collateral, if you transfer your residence for tax purposes to another European Union Member State or to another European Economic Area Member State that has signed an administrative assistance treaty with France for the purpose of combating tax fraud and evasion, excluding Liechtenstein, as well as a mutual assistance treaty for tax collection.

When you transfer your residence for tax purposes to a country other than those listed above, the tax owed is, in principle, due immediately. However, at your request and subject to adequate collateralization, a stay of collection may be granted. In this case, you must declare the unrealised capital gains and receivables, appoint a tax representative in France, and present collection guarantees prior to the transfer your residence for tax purposes abroad. The guarantees are not required if the transfer of your residence for tax purposes abroad is for work-related reasons in designated countries.

For taxes due on unrealised capital gains and previously tax-deferred capital gains, the stay of collection expires on the date of transfer, redemption, reimbursement or retirement of the securities and, in certain cases, when the securities are donated or in the event of the taxpayer's death.

For taxes due on receivables originating in a contractual additional sale price clause, the stay of collection expires on the date of receipt of the additional sales proceeds or when the receivable is contributed or sold/collected or transferred.

The tax paid at the time of the transfer of residence for tax purposes abroad is reduced or refunded if you return to France, if you donate the securities or the receivable, or in the event of your death. The income tax on unrealised capital gains is reduced or refunded at the end of a period of fifteen years after the transfer of your residence for tax purposes outside of France.

The tax on unrealised capital gains or on receivables originating in a contractual additional sale price clause may be reduced to reflect the actual capital gains or losses or the proceeds actually received as a result of an additional sale price clause after the transfer of your tax household abroad.

To avoid double taxation, any tax you may have paid in your country of residence shall be offset against the tax owed in France on the unrealised capital gains or the receivable, up to the full value of the latter and in proportion to the share assessed in France for tax purposes.

Capital gains and receivables liable to the exit tax must be reported in the general income tax form 2042, in form 2042 C, and in the special form 2074 ETD (available on impots.gouv.fr).

To find out more, see notice 2074-ETD-NOT, also available on impots.gouv.fr.

IF YOU TRANSFERRED YOUR TAX HOUSEHOLD TO FRANCE IN 2014

9. You previously resided for tax purposes outside France

- If you filed your returns with the Service des Impôts des Particuliers Non-Résidents, in the year of your return to France, you must file form 2042 – and additional form 2042 NR if applicable – with this service, which will forward it to the tax assessment office covering your new residence in France. Your return must include all the information needed to determine your taxable income:
 - for the period between 1 January 2014 and the day of your return to France: report all income arising in France and taxable in France before that date in additional form 2042 NR. If your assessment is equal to three times the actual rental value of your residence(s) in France, include the form described in §4 above with your return.
 - for the period after your return to France: report the income received since that date in form 2042.

If your return to France is permanent, you must report your new address, as soon as you know it, to:

Service des Impôts des Particuliers Non-Résidents
 10 rue du Centre – TSA 10010 – 93463 Noisy-le-Grand Cedex – France
 Switchboard: +33 (0)1 57 33 83 00 – Fax: +33 (0)1 57 33 81 03
 e-mail: sip.nonresidents@dgfip.finances.gouv.fr.

For the year of your return, make your advance payments or monthly payments to the Service des Impôts des Particuliers Non-Résidents.

- If you did not receive any income arising in France before your return to France, file your income-tax return directly with the tax assessment office covering your new residence.

HOW TO FILL IN YOUR 2014 INCOME-TAX RETURN

10. General rule

Taxable income is calculated in the same way for residents abroad as for residents in France. The information provided in the general explanatory leaflet enclosed with form 2042 applies, with the special exceptions detailed below:

A. WAGES AND SALARIES (SECTION 1 OF FORM 2042)

11. Save provisions to the contrary in the international tax treaties, you must declare the sums you received in France in 2014 in the form of:

- Wages, salaries, fees, paid leave, tips, etc.
- Statutory sick pay, statutory maternity pay, etc.
- Remuneration in kind provided by the employer: food, accommodation, car available for personal use, etc.
- Unemployment benefits, early retirement allowances, remuneration of members of the government, the Economic, Social and Environmental Council and the Constitutional Council, parliamentary allowances, including for Members of the European Parliament, and service allowances for local elected public office if you have opted for the taxation of such allowances under wages and salaries.

To make things easier, the administration sends taxpayers a tax return pre-printed with the amounts of wages, pensions, statutory sick pay and family allowances. These figures are provided by the employers and social-security bodies. All you have to do is check the figures and correct them if necessary. For example, you would have to correct these figures if you are taxed in the country of residence pursuant to an international tax treaty.

12. Taxation at source of wages, salaries, pensions, annuities and income arising in France from employee share ownership

Wages and similar income arising in France and received by persons residing outside France are taxed at source as provided for in Article 182 A of the French General Tax Code or as provided for in Article 182 A *bis* or 182 B of the Code for wages paid in return for artistic and sports services. The employer or payer deducts the tax at source from the net taxable wage, after the 10% deduction for professional expenses, at the rate of 15% for wages paid in return for artistic and sports services or in keeping with a three-bracket scale set for 2014 taxable income at:

Rate applicable ¹	Income brackets based on the payment period ² /Amounts in euros				
	Year	Quarter	Month	Week	Day or part of day
0%	Less than 14,359	Less than 3,590	Less than 1,197	Less than 276	Less than 46
12%	14,359 to 41,658	3,590 to 10,415	1,197 to 3,472	276 to 801	46 to 134
20%	Over 41,658	Over 10,415	Over 3,472	Over 801	Over 134

1. The rates of 12% and 20% are reduced to 8% and 14.4% in the French overseas *départements*.
 2. These brackets are expressed in net taxable amounts.

Only the fraction of income above the last bracket is taxed in accordance with the sliding scale, along with the other income arising in France. Income is taxed in accordance with the terms of Article 197 A of the French General Tax Code, i.e. with the application of a minimum rate of 20%. The 20% withholding tax is deducted from the amount of tax calculated.

For stock options and acquisition of bonus shares allocated since 28 September 2012: income from the exercise of stock options and acquisition of bonus shares received by persons residing outside of France for tax purposes is subject to a withholding tax calculated in accordance with the rates shown in the table above and as provided by Article 197 A of the French General Tax Code.

Income arising from the exercise of stock options and the acquisition of bonus shares allocated before 28 September 2012 or the sale of start-up share warrants (BSPCE) and received by persons residing outside of France for tax purposes is subject to a withholding tax calculated in accordance with the rules and rates applying to the specific tax schemes referred to in item I of Article 163 *bis* C and 6 of Article 200 A of the French General Tax Code (in its version prior to the 2013 Budget Act) for stock options, for bonus shares, in item 6 *bis* of Article 200 A of the Code (in its version prior to the 2013 Budget Act), for bonus shares, and in item I of Article 163 *bis* G of the Code for BSPCEs. This deduction at source discharges you from tax liability on income from the exercise of BSPCEs. However, if you opt for taxation in the wages and salaries (“traitements et salaires”) category, the taxation at source is calculated by applying the rates in the above table and as provided by Article 197 A of the French General Tax Code.

How do you declare income that has been taxed at source?

You must declare all the sums that have been taxed at source in the wages and salaries (“traitements et salaires”) category (or “pensions” if they are pensions).

The details on deductions at source by each payer
must be declared in the appendix on the last page of this explanatory leaflet.
You must enclose this table with form 2042.

Do not forget, where necessary and in accordance with the instructions given for the table on the last page of this explanatory leaflet, to enter total taxation at source in box 8 TA of form 2042.

Special case: wages arising in French overseas départements

This income is taxed at source at reduced rates (8% and 14.4%), with the minimum rate being 14.4%. To benefit from a reduced rate, you need to write "salaires versés par un organisme établi dans un DOM" (wages paid by an entity established in a French overseas *département*) in the "Renseignements complémentaires" (Other information) box of form 2042.

B. PENSIONS, ANNUITIES, CHILD SUPPORT & MAINTENANCE (SECTION 1 OF FORM 2042)

13. Save provisions to the contrary in the international tax treaties, you must declare the sums you received in France in 2014 in the form of:

- Child support and maintenance, annuities and capital payments made over a period of more than 12 months and received as compensatory benefits in the event of a divorce, and contribution to the costs of running the matrimonial household when such payment is made following a court ruling.
- Public and private pensions and invalidity benefits and annuities when the payer is established or resident in France. These sums are taxable subject to the application of the tax treaties (see table in Appendix 1 for tax treatment of pensions by country). Use the information on the statement provided by the payer to find out what amount to declare.

Pursuant to the provisions of Article 182 A of the French General Tax Code, pensions and annuities paid to non-residents give rise, as with wages and salaries, to a deduction at source (see section 12 on previous page) when the payer is situated in France. First, establish whether the pension you receive is a public or private pension or a social-security pension (all compulsory schemes are considered to be social-security schemes). Then refer to the tax treaty, which, depending on this criterion, attributes taxation either to the payer country or to the country of residence (see table in Appendix 1).

Notes

- Annuities are subject to the same arrangements as private pensions.
- Pensions paid to a resident of French Polynesia, Wallis and Futuna, French Southern and Antarctic Lands, and New Caledonia benefit from a 40% tax allowance on the gross pension amount. This is taken into account by the service when your tax is calculated. To facilitate the application of this reduction, please write "pensions versées à un résident de" (pensions paid to a resident of), followed by the pensioner's place of residence, in the "Renseignements complémentaires" (Other information) box of form 2042.
- How the deduction at source is calculated:

Although each separate employer or pension fund makes the deduction at source, it is calculated across all the earned income and deducted by all the employers of an individual. In the event of more than one employer or pension fund, taxation may give rise to the payment of an additional deduction at source.

C. REAL-PROPERTY INCOME (SECTION 4 OF FORM 2042)

14. You must declare on your general income-tax return (form 2042) any income from real property in France including rights on this property (joint estates, bare ownership, usufruct, etc.), assets (stocks or shares in real-estate companies) and incidental income.

Notes:

The simplified tax scheme ("régime micro-foncier") for real-property income is automatically applied if you meet all of the following conditions:

- Your real-property income arises from the rental of unfurnished urban or rural properties or from shares in condominium associations that are transparent for tax purposes and, where applicable, from shares in real-estate companies not subject to corporation tax, as well as from shares of real-estate investment trusts (REITs, French FPIs) reflecting income from their real-property assets. If you receive real-property income solely from real-estate companies or FPIs, you are explicitly ineligible for the "simplified tax scheme".

- Your tax household's annual gross real-property income in 2014 (from all properties combined) does not exceed €15,000, not including maintenance charges, whatever the duration of the rental during the year. The €15,000 cap is assessed on the basis of all rents received as principal, ancillary income, and, where applicable, the share of the gross annual income of real-estate companies and/or REITs in which you are a partner, proportionally to your share of the accounting profit.

- The buildings you own and the buildings held by companies in which you are a partner are not eligible for preferential tax treatment (specific deductions, option for deduction as depreciation, etc.: see explanatory leaflet for 2044 return for real-property income).

You must file a 2044 return under the standard scheme ("régime réel") if:

- Your tax household's annual gross real-property income in 2014 (from all properties combined) exceeds €15,000;
- You are explicitly ineligible for the "simplified tax scheme" ("micro-foncier");
- Or if you are automatically eligible for the "simplified tax scheme" ("micro-foncier") and wish to opt for the standard scheme. To do so, just file a 2044 return. The option is binding for a three-year period. After these three years, your option for the standard scheme is automatically renewed every year.

For more information on real-property income, see the explanatory leaflet enclosed with your 2014 income tax return, the explanatory leaflet enclosed with form 2044 (real-property income) or refer to the impots.gouv.fr website.

If you rent furnished accommodation, the income is taxable in the industrial and commercial income (BIC) category and must be declared in Section 5 ("furnished rentals") of additional form 2042-C-PRO. Amounts received after your departure in the year of departure, as well as amounts received before your return to France in the year of your return, are to be declared in the same section of additional form 2042-NR.

D. INVESTMENT INCOME (SECTION 2 OF FORM 2042)

15. Income distributed⁽¹⁾ by companies subject to corporation tax and with their registered office in France (metropolitan France [mainland + Corsica] or overseas *départements*) to natural persons who are non-residents is taxed at source at one of the following rates⁽²⁾:

- 21% for distributed profits eligible for the 40% tax allowance stipulated in item 2 of 3 of Article 158 of the French General Tax Code (CGI)⁽³⁾, when the beneficiary is a natural person residing for tax purposes in a State party to the Agreement on the European Economic Area (EEA) that has concluded an administrative assistance treaty with France for the purpose of combating tax fraud and tax evasion.
- 30% for other income.
- 75% for distributed profits paid outside France in a non-cooperative state or territory as defined by Article 238-0A of the French General Tax Code⁽⁴⁾.

Income from life-insurance contracts and capitalisation bonds or contracts purchased from insurance companies established in France by natural persons who do not reside in France for tax purposes is taxed at the following rates when the contract is redeemed in part or in full or when the contract is terminated:

(1)Income from stocks and shares and similar income.

(2)Rates applicable except where stipulated otherwise in international tax treaties.

(3)Income resulting from an ordinary decision by the relevant bodies.

(4)This 75% withholding tax also applies to natural persons who reside in France.

- 35% if the contract duration is less than 4 years.
- 15% if the contract duration is equal to or greater than 4 years and less than 8 years.
- 7.5% if the contract duration is equal to or greater than 8 years.
- 75% irrespective of contract duration, when the beneficiary of the income is a natural person residing for tax purposes in a non-cooperative state or territory as defined by Article 238-0A of the French General Tax Code.

Income from fixed-income instruments paid to natural persons who do not reside in France for tax purposes are subject to a 75% mandatory flat-rate withholding tax when the income is paid outside of France in a non-cooperative state or territory as defined by Article 238-0A of the French General Tax Code⁽⁵⁾.

These levies and withholding taxes are reported on form 2777 and paid by the entity that has distributed the income. It is up to the entity to withhold the corresponding amount from the sums paid out to the beneficiaries of said income.

Income from bonds and similar instruments mentioned in Articles 118, 119 and 238 *septies* B of the French General Tax Code and issued before 1 January 1987 and income from savings certificates mentioned in Article 1678 *bis* of the Code (irrespective of their issue date), paid to natural persons who do not reside in France for tax purposes, is subject to the withholding tax stipulated in 1 of Article 119 *bis* of the Code at one of the following rates:

- 17% for interest on marketable bonds;
- 15% for income referred to in item 1 of Article 118 of the Code and related to securities issued on or after 1 January 1965 and for prizes and redemption premiums referred to in item 2 of Article 118 of the Code and relating to securities issued on or after 1 January 1986.

This withholding tax should be reported on form 2753 and paid by the distributing entity. It is up to the entity to withhold the corresponding amount from the sums paid out to the beneficiaries of said income.

E. CAPITAL GAINS FROM SALES OF SECURITIES AND SHARES

16. Pursuant to Article 244 *bis* C of the French General Tax Code, capital gains from the sale of securities and shares by persons who do not reside in France for tax purposes are not taxable in France. In return, however, capital losses cannot be deducted from your taxable income. You therefore have no return to file in France regarding such a transaction.

However, pursuant to item f of Article 164B and Article 244 *bis* B of the French General Tax Code, and subject to international tax treaties, a person who does not reside in France for tax purposes and who, along with his or her spouse, ascendants and descendants, has held directly or indirectly, at some point in the five years preceding the sale, an equity stake of over 25% in a company liable to corporation tax and with its registered office in France, is subject to a tax in France on the capital gains from the sale of the shares concerned.

These capital gains are calculated using the same method applied to capital gains realised by residents of France and described in Articles 150-0 A to 150-0 E of the French General Tax Code, and the tax is levied at the rate of 45%.

Distributions by venture capital firms (Article 163 *quinquies* C II of the French General Tax Code) to non-residents are also taxed at a rate of 30%.

To request the reimbursement of the difference between the amount debited and the amount of tax payable once the sliding scale has been applied, enter your capital gains subject to the 45% tax rate in row 3VE (after deduction for the ownership period) and your distributions subject to the 30% tax rate in row 3UV of form 2042C.

However capital gains on the sale of an equity stake in a company liable to corporation tax and with its registered office in France as well as on the distributions made by venture capital firms are taxed at the flat rate of 75%, irrespective of the stake held in the company concerned when the gains are realised by persons residing outside of France for tax purposes in a non-cooperative state or territory as defined by Article 238-0A of the French General Tax Code.

You must consequently file form 2074 enclosing payment of the tax due in accordance with the following procedures:

Type of sale	Where to file the deed or declaration of sale	Where to file the capital gains form (Art. 171 <i>quater</i> , Annex 2 of the French General Tax Code)	Form	Filing deadline
Sale recorded by notarised deed	The Business Tax Service (Service des Impôts des Entreprises) covering the place of residence of the notary who drew up the deed	File the form with the deed of sale	2074	On recording the deed of sale
Sale recorded by private deed	The Tax Assessment Service covering the place of residence of one of the contracting parties	File the form with the deed of sale	2074	On recording the deed of sale
Sale not recorded by a deed = form 2759	The Tax Assessment Service covering the place of residence of one of the contracting parties	– Business Tax Service (SIE) covering the tax representative's residence – Where there is no representative: the Business Tax Service (SIE) covering the seller's residence.	2074	Within one month of the sale

F. INDUSTRIAL AND COMMERCIAL INCOME

a) *Professional industrial and commercial income (Section 5, Subsection B of form 2042 NR or form 2042 C-PRO, Non-salaried occupations ["Professions non salariées"])*

17. Industrial and commercial profits are defined for income tax purposes as profits made by natural persons from a trading, industrial or craft occupation carried on in France even if the operator's head office is abroad.

Subject to the international tax treaties, if you have received income in this income category, you must declare it for income tax in France.

If you come under the very small business system ("régime des micro entreprises"), enter your turnover or receipts and your capital gains and capital losses directly on additional form 2042 C-PRO, Non-salaried occupations ("Professions non salariées").

If you come under the actual bookkeeping system ("régime du bénéfice réel normal"), enter the result determined on form 2031 of additional form 2042 C-PRO in the "régime du bénéfice réel" section depending on whether you are a member of an officially approved accounting centre or not.

The year of your departure abroad or in which you return to France, the sums received in France following your departure are to be declared on form 2042 NR.

For more information, please see the explanatory leaflet for form 2042 or the impots.gouv.fr website.

⁽⁵⁾This 75% withholding tax also applies to natural persons who reside in France.

When persons engage in commercial, industrial and craft activities simultaneously in France and outside France, they must declare their entire earnings from these activities on their income-tax return (Article 158-4, para. 2 of the French General Tax Code), subject to the application of international tax treaties.

b) Non-professional industrial and commercial income (Section 5, Subsection C of form 2042 NR or additional form 2042 C-PRO, Non-salaried occupations [“Professions non salariées”])

18. This is income from activities that do not involve the personal, constant and direct participation of a member of the tax household in the accomplishment of the operations required for the activity. The following is hence considered to be non-professional industrial and commercial income:

- **Income earned by persons letting non-professional furnished premises** (persons not registered as such in the corporate register or persons making less than €23,000 in annual receipts or less than the household’s income in the category of wages and salaries, industrial and commercial income, non-commercial income, agricultural income and remuneration of directors).
- Income earned by non-professional joint owners of shares in race horses or stallions.
- Income from all other industrial and commercial activities carried on in a non-professional capacity.

If you have received income in this category, you must, subject to the application of the international tax treaties, declare it in France.

The year of your departure abroad or in which you return to France, you must fill in Section 5 of form 2042 C-PRO. The amounts received following your departure or before your return must be declared on form 2042 NR.

G. NON-COMMERCIAL INCOME

a) Professional non-commercial income (Section 5, Subsection D of form 2042 NR or additional form 2042 C-PRO, Non-salaried occupations [“Professions non salariées”])

19. These are profits from occupations primarily of an intellectual nature, consisting in the personal and totally independent practice of a science or an art, or profits from occupations such as notary, bailiff, etc. They also include profits from all occupations, operations for financial gain and other sources that do not come under another category (stock-market transactions conducted in similar conditions to those that characterise an activity carried on by a person conducting this type of transaction in a professional capacity).

If you have received income in this category for an activity carried on in France, you must, subject to the international tax treaties, declare it for income tax in France.

If you come under the special non-commercial profits system (“micro BNC”), you do not have to file an annual business earnings return. Enter the amount of your receipts with any capital losses directly in Subsection D “Régime déclaratif spécial” of additional form 2042 C-PRO.

If, on the other hand, you come under the certified tax return system (“régime de la déclaration contrôlée”) where your business earnings return is certified by an officially approved accounting centre, you must file the special 2035 annual business earnings return and enter the resulting profit or loss under the “régime de la déclaration contrôlée” heading of additional form 2042 C-PRO.

The year of your departure abroad or in which you return to France, the sums received following your departure are to be declared on form 2042 NR.

b) Non-professional non-commercial income (Section 5, Subsection E of form 2042 NR or additional form 2042 C-PRO, Non-salaried occupations [“Professions non salariées”])

20. This is income from an activity that is not usually or continuously carried on for profit and that does not arise from the practice of a self-employed profession or occupations such as notary, bailiff, etc.

If you have received income in this category for an activity carried on in France, you must, subject to the international tax treaties, declare it for income tax in France.

c) Deduction at source for non-trading income and equivalent income

21. Pursuant to the provisions of Article 182 B of the French General Tax Code, and subject to the international tax treaties, the deduction at source is applied to certain non-wage and equivalent income arising from employment in France.

The tax base consists of the gross sums paid net of turnover tax (VAT), with no deductions allowed even for business expenses. The rate of the deduction at source is set at 33½%. It is reduced to 15% for remuneration paid to sportspersons. The rate may vary depending on the applicable tax treaty concluded to avoid double taxation. This deduction at source can be set off against the income tax due on your income arising in France, it is never refundable, and it does not discharge you from income tax liability. You must therefore, in all cases, file an income-tax return and fill in the table on the last page of this explanatory leaflet.

NB: Income received by artists and sportspeople is liable to a 15% deduction at source (Article 182 A *bis* and 182 B of the French General Tax Code).

H. EXPENSES TO BE DEDUCTED FROM TOTAL INCOME

22. As residents abroad are subject to tax in France solely on their income arising in France pursuant to the provisions of Article 164 A of the French General Tax Code, they may not deduct their expenses from their total income.

However, taxpayers in the Schumacker non-residents category can, in the same manner as taxpayers who reside in France for tax purposes, report expenses that are deductible from their total income for the assessment of their income tax.

To be eligible for the tax rules applying to Schumacker non-residents, you must meet the following requirements:

- You must be a resident of another European Union Member State, Iceland, Norway, or Liechtenstein.
- You must not qualify for provisions that will lower your tax liability in your country of residence on the basis of your personal and family status, on account of the low level of income taxable in that country.
- Your income from French sources must represent at least 75% of your taxable global income or, failing that, 50% of your taxable global income if, because of your personal and family status, you do not qualify for any provisions that will lower your tax liability in your country of residence.

I. EXPENSES PROVIDING ENTITLEMENT TO TAX BREAKS AND TAX CREDITS

23. Non-residents living outside France for tax purposes are not entitled to tax breaks and tax credits, except for Schumacker non-residents who meet the requirements described in §22. If they comply with the relevant criteria, they may nevertheless be eligible for the following tax credits:

- **Tax credit for insurance premiums for unpaid rent:** If you take out an insurance contract against the risk of unpaid rent for one or more residential properties that you rent unfurnished for use as main residence and said contract is not taken into account in the calculation of your real property income, you are entitled to a tax credit equal to 50% of the amount of the insurance premium (Art. 200 *nonies* of the French General Tax Code). Taxpayers eligible for the simplified tax scheme for low real-property income (“micro-foncier”) qualify for this credit.
- **Tax credit for technological risk prevention work on rented residential properties:** You are entitled to a tax credit on any expenditure from 1 January 2010 to 31 December 2014 on alterations provided for by the Technological Risk Prevention Plan (PPRT) on a residential property that was completed before this plan was approved and that you rent out or undertake to put up for rent for use as main residence by a tenant for at least five years.

J. LOSSES

24. Taxpayers residing outside France may offset their losses from this income against their profits or income arising and taxable in France.

HOW IS YOUR INCOME TAX CALCULATED ?

NOTE: IF YOU LIVE IN FRANCE, YOU CAN USE THE TAX CALCULATION SIMULATOR ON THE
IMPOTS.GOUV.FR WEBSITE TO CALCULATE YOUR INCOME TAX

APPLICATION OF THE 20% or 14.4% MINIMUM TAXATION RATE

(Art. 197 A of the French General Tax Code)

25. Article 197 A of the French General Tax Code stipulates that income tax due by persons residing for tax purposes outside France is charged solely on their income arising in France. It is calculated by applying the sliding scale and the household income splitting system (the number of tax units allocated to the household to reduce tax paid where couples are married, have dependent children, etc.). There is a minimum taxation rate of 20%. For income tax returns from 2014 onwards, the ceiling for the household income splitting system is applied to non-resident taxpayers subject to the minimum tax rate. For income arising in the French overseas *départements*, the minimum rate is 14.4%. To benefit from this rate, you need to write “salaires versés par un organisme établi dans un département d’outre-mer” (wages paid by an entity established in a French overseas *département*) in the “Renseignements complémentaires” (Other information) box of form 2042.

The minimum taxation rate does not apply to “Schumacker non-residents” (see §22 for eligibility requirements for this status).

IF YOU PROVIDE THE NECESSARY EVIDENCE, YOU CAN BE ENTITLED TO A LOWER RATE (AVERAGE RATE)

26. If you can prove that the French rate of tax on all your income arising in France and abroad would be less than the rate of 20%, or 14.4% for income arising in French overseas *départements* (DOM), that rate is applicable to income actually taxable in France by virtue of the tax treaty between France and your country of residence or, in the absence of such a tax treaty, to income arising in France. The details on the application of this measure are provided in the *Bulletin Officiel des Finances Publiques-Impôts* (BOFiP-Impôts), reference no. BOI-IR-DOMIC-10-20-10.

To be eligible, you need to:

- Enter in Box 8 TM of additional form 2042 C the tax household’s total income arising in France and abroad and detail the nature and amount of each category of income in the “Renseignements complémentaires” (Other information) box of form 2042 or on a separate sheet of paper.
- Have available for the French tax authorities all documentary proof of your total income arising abroad (certified true copy of the tax assessment notice issued by the tax administration of your country of residence; copy of the income-tax return(s) filed in your country of residence to show the income of all the members of the tax household, etc.).

If the members of your tax household file separate tax returns, you must, if required to do so, provide the tax authorities with certified true copies of all these tax returns and tax assessment notices for each household member.

If the tax-return filing formalities in your country of residence are such that you are unable to produce these documents, you need to provide any substantiating documents evidencing the sum and nature of your income arising in France and abroad. These documents must be certified true copies. You also need to provide the foreign tax administration with a statement certifying that these income items have been taken into account for taxation purposes (if income tax exists in your country of residence).

PERSONS IN RECEIPT OF INCOME THAT HAS BEEN TAXED AT SOURCE

27. Pursuant to articles 182 A, 182 A *bis* and 182 A *ter* of the French General Tax Code, non-commercial income received in return for artistic services, wages and salaries together with pensions and annuities paid to non-residents give rise to taxation at source, deducted by the payer. You must enter this deduction on form 2042 and fill in the table on the last page of this explanatory notice. It will then be taken into account in the calculation of the tax due.

If the deduction at source exceeds the tax due following the application of the average rate, you may ask the Service des Impôts des Particuliers Non-Résidents to refund the excess amount deducted at source. Please provide all necessary substantiating documents evidencing payment of this taxation at source by your payer (employer or pension fund, etc.).

The above-mentioned deductions do not apply to income and profits received by Schumacker non-residents (see §22 for eligibility requirements for this status).

SOCIAL-SECURITY CONTRIBUTIONS

28. Non-residents’ real-property income arising from assets located in France has been subject to social-security contributions on income from assets since 1 January 2012 that are collected as income tax. Capital gains on property arising in France after 17 August 2012² are also subject to social security contributions (“general social-security contribution” [CSG], the “social-security debt-redemption contribution” [CRDS], the “social levy”, the “additional contribution to the social levy for elderly dependents” [CSA] and the “solidarity levy”) that are paid when the capital gains return is filed.

Social-security contributions assessed at the blanket rate of 15.5% are not levied on asset income of non-residents reported on the income-tax return and subject to income tax.

By contrast, Schumacker non-residents (see §22 for eligibility requirements for this status), regarded as equivalent to natural persons residing in France for tax purposes, are automatically liable to social-security contributions on their asset income.

PERSONS TAXED ON THE RENTAL VALUE OF THEIR RESIDENTIAL PROPERTY IN FRANCE (Article 164 C of the French General Tax Code)

29. Tax on the flat-rate basis of assessment equal to three times the real rental value of residential properties in France is calculated using the sliding scale and the household income splitting system. For income tax returns from 2014 onwards, the ceiling for the household income splitting system is applied to non-resident taxpayers subject to the rental value tax rate.

Note: The following are not applied:

- The minimum rate of 20% (or 14.4% in the French overseas *départements*);
- Deduction of expenses and the offsetting of losses against total worldwide income.

Any deductions at source or levies not discharging income tax liability are deducted from the amount of tax calculated. Excess deductions or levies are not refundable.

You need to write down the address of the properties and their actual rental value on a separate sheet of paper enclosed with your tax return.

²Article 29 of the first 2012 Supplementary Budget Act (no.2012-958 of 16 August 2012)

<p style="text-align: center;">EFFECT OF TAX TREATIES AND SPECIAL AGREEMENTS CONCLUDED BY FRANCE</p>

30. The rules described in this leaflet are only applicable subject to international tax treaties that have the effect of:

- Granting non-resident status to persons residing in France for tax purposes under domestic legislation;
- Taxing certain types of income arising in France in the country of residence;
- Limiting the rate of applicable deductions at source on certain income.

In all cases, you should refer to the text of the applicable tax treaty. The list of these tax treaties in force is presented below:

Albania	Finland	Malawi	Slovakia
Algeria	French Polynesia	Malaysia	Slovenia
Argentina	Gabon	Mali	South Africa
Armenia	Georgia	Malta	South Korea
Australia	Germany	Mauritania	Spain
Austria	Ghana	Mauritius	Sri Lanka
Azerbaijan	Greece	Mexico	Sweden
Bahrain	Guinea	Monaco	Switzerland
Bangladesh	Hong Kong	Mongolia	Syria
Belarus*	Hungary	Montenegro**	Taiwan
Belgium	Iceland	Morocco	Tajikistan*
Benin	India	Namibia	Thailand
Bolivia	Indonesia	Netherlands	Togo
Bosnia-Herzegovina**	Iran	New Caledonia	Trinity and Tobago
Botswana	Ireland	New Zealand	Tunisia
Brazil	Israel	Niger	Turkey
Bulgaria	Italy	Nigeria	Turkmenistan*
Burkina Faso	Jamaica	Norway	Ukraine
Cameroon	Japan	Oman	United Arab Emirates
Canada (inc. Quebec)	Jordan	Pakistan	United Kingdom
Central African Republic	Kazakhstan	Panama	United States
Chile	Kenya	Philippines	Uzbekistan
China	Korea (Republic of)	Poland	Venezuela
Congo	Kosovo**	Portugal	Vietnam
Côte d'Ivoire	Kuwait	Qatar	Zambia
Croatia	Kyrgyzstan*	Romania	Zimbabwe
Cyprus	Latvia	Russia	
Czech Republic	Lebanon	Saint Pierre and Miquelon	
Ecuador	Libya	Saudi Arabia	
Egypt	Lithuania	Senegal	
Estonia	Luxembourg	Serbia**	
Ethiopia	Macedonia (former Yugoslav Republic of)	Singapore	
	Madagascar		

* The agreement with the former Soviet Union applies to certain members of the CIS (Commonwealth of Independent States) including Belarus, Kyrgyzstan, Tajikistan (up to 31/12/2014) and Turkmenistan.
**The agreement with the former Yugoslavia applies to Bosnia-Herzegovina, Kosovo, Montenegro and Serbia.

These texts are available from the French embassy or consulate in the country concerned. These treaties are published in the French *Journal Officiel* and can be consulted online on the Ministry for the Economy and Finance website: impots.gouv.fr > Documentation > International

YOUR STATUS WITH REGARD TO OTHER TAXES

LOCAL TAXES

RESIDENCE TAX

31. Residence tax is due by persons who have at their disposal or occupy a residential property in any capacity whatsoever: owner, tenant or free occupant. Taxpayers are deemed to have taxable premises personally at their disposal when they can occupy them at any time and have possession of them in a private capacity.

Residential premises and their outbuildings, occupied for personal or family purposes, either as the main residence or as a second home, are taxable when they are sufficiently furnished so as to be inhabitable.

Persons who do not have their residence for tax purposes in France, but who have one or more residential properties in France, are therefore liable to residence tax.

Tax concessions on the main residence provided for by French legislation

French tax legislation provides for various residence tax exemptions and reductions for the taxpayer's main residence (mandatory tax allowance for dependents, optional general personal allowance and optional special allowance for certain taxpayers, mainly low-income taxpayers).

For the purposes of local direct taxation, the main residence is defined as the dwelling in which the taxpayer usually lives and in which his or her family, the spouse in particular, lives on a permanent basis.

Consequently, residential premises in France at the disposal of persons residing abroad cannot be treated as main residences and therefore bear no entitlement to the tax concessions provided for the main residence.

DEVELOPED AND UNDEVELOPED REAL-PROPERTY TAX

32. Both of these taxes are levied annually on developed and undeveloped real properties situated in France, with the exception of those that are expressly exempt. The tax is charged to the owner of the property, regardless of whether he or she resides in France or abroad.

Note that, as regards developed real property tax, persons temporarily residing abroad and granted the temporary exemption stipulated in Articles 1384, 1384 A and 1385 of the French General Tax Code before their departure from France continue to benefit from this exemption for the remainder of the entitlement period, provided the residential property they own in France has remained at their disposal and they refrain from renting it out as furnished accommodation or business premises.

PAYMENT OF YOUR LOCAL TAXES

33. Persons charged residence tax and real-property tax receive a tax assessment notice for each tax. These taxes must be paid to the individual tax service (Service des Impôts des Particuliers) of the district where the property is located by 15 October (real-property tax) and by 15 November or 15 December (residence tax).

You may also subscribe to the monthly payment service, direct debits on the payment due date or, if you have an account with a financial establishment in France, pay online using your tax account.

WEALTH TAX

Rules applying under French domestic legislation

34. Natural persons residing outside France are liable to wealth tax (ISF) on French property belonging to them directly or indirectly, including property placed in a trust and taxable as part of the estate of the settlor or a beneficiary deemed to be the settlor, when the net taxable value of this property is over €1,300,000 on 1 January of the taxation year (threshold assessed on 1 January 2015 for the 2015 wealth-tax year).

French property is defined as:

- Property that has a physical taxable base in metropolitan France or in the French overseas *départements* (real property, tangible movable property, businesses operating in France, etc.); and
- French intangible property under the terms of Article 750 *ter* para. 2 of the French General Tax Code.

Concerned, in particular, are claims on a debtor residing in France, patents, marks and brands sold or operating in France, and securities issued by the French government or any legal entity governed by French public law or any company that has its registered office or actual head office in France and this, regardless of the composition of its assets.

Also considered to be French are stocks and shares in companies and legal entities not listed on the stock exchange whose registered office is outside France and whose assets are made up mainly of real property and rights in rem located in France, and this proportional to the value of this property as a percentage of the company's total assets, with the exception of real property located on French soil and assigned by this entity to its own industrial, commercial, agricultural or non-commercial operations. Certain property items, especially professional property, benefit from an exemption.

Effects of international tax treaties

35. The wealth-tax provisions apply subject to international tax treaties (see treaty list §30 above).

The treaties applicable to wealth tax or, failing this, to income tax must be taken into consideration to solve problems associated with the definition of residence for tax purposes.

However, problems not associated with residence for tax purposes (especially the reach of tax jurisdiction) can only be solved by referring to the tax treaties where these treaties cover wealth tax or contain adequate provisions to determine wealth taxation procedures.

The treaties concluded with the following countries contain such provisions: Albania, Algeria, Argentina, Armenia, Austria, Azerbaijan, Bahrain, Bolivia, Canada including Quebec, Chile, Cyprus, Czech Republic, Estonia, Finland, Germany, Guinea, Hungary, India, Indonesia, Israel, Italy, Kazakhstan, Kuwait, Latvia, Lithuania, Luxembourg, Macedonia (former Yugoslav Republic of), Malta, Mauritius, Monaco, Mongolia, Namibia, Norway, Netherlands, Poland, Qatar, Romania, Russia, Saudi Arabia, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Ukraine, United Arab Emirates, United States, Uzbekistan, Vietnam, Zimbabwe.

Under the provisions of these tax treaties, tax jurisdiction is either shared between the two countries, attributed exclusively to the country of residence of the person concerned or attributed exclusively to the country in which the property is located, depending on the nature of the property in question.

Any double taxation is eliminated either by the country of residence, which grants a tax credit when property is taxed both in the country in which it is located and in the owner's country of residence, or by means of exemption via the application of the "taux effectif" rule (based on total worldwide income) when the treaty expressly provides for such and taxation is reserved for the country in which the property is located.

In the absence of a tax treaty, international double taxation is avoided by offsetting against the tax due in France any wealth taxes paid outside France on the same property.

For more information, contact the Service des Impôts des Particuliers Non-Résidents (see Useful Information on §37-38).

Taxpayers' reporting obligations

36. Your reporting obligations are as follows:

- If your net taxable wealth on 1 January 2015 is above €1,300,000 and less than €2,570,000, you need to declare your wealth tax (ISF) on form 2042 C;

- If your net taxable wealth on 1 January 2015 is €2,570,000 or more, you need to file the form 2725 K you have received pre-printed with your personal details or fill in a blank 2725 form.

Nevertheless, if you have your residence for tax purposes abroad and you are not liable to French income tax in France, you need to declare your 2015 wealth tax (ISF) on form 2725 pre-printed with your personal details or fill in a blank 2725 form when your net taxable wealth is over €1,300,000.

Taxpayers non-resident in France must file forms 2042 C and 2725 with the Service des Impôts des Particuliers Non-Résidents:

- File form 2042 C with form 2042;
- File form 2725 by **15 July** regardless of your country of residence. French nationals who are residents of Monaco must file their returns with the Service des Impôts des Particuliers de Menton (see p4).

Persons in possession of property in France without having their residence for tax purposes in France, together with certain public servants carrying on their duties or posted to a foreign country, may be asked by the tax assessment service to appoint, within 90 days of receipt of the request, a representative in France authorised to receive correspondence concerning wealth-tax assessment, collection and disputed claims. Failing appointment of a representative in France, these persons are taxed on the basis of an estimated assessment.

Where to get a wealth tax return form

- On the website: impots.gouv.fr;
- From the Service des Impôts des Particuliers Non-Résidents
10, rue du Centre
TSA 10010
93465 Noisy-le-Grand Cedex
France
(Tel: +33 1 57 33 83 00 - Fax: +33 1 57 33 81 03)
e-mail: sip.nonresidents@dgifp.finances.gouv.fr

USEFUL INFORMATION

See §8 if you live in Monaco.

37. For information and to find out how to fill in your income-tax return and pay your tax:

- Go to: impots.gouv.fr >Particuliers>Vos préoccupations>Vivre hors de France
- For information on everything to do with your income, calculating your tax, and payment and instalment payments:

Service des Impôts des Particuliers Non-Résidents

10 rue du Centre - TSA 10010 - 93465 Noisy-le-Grand Cedex, France

Tel: +33 1 57 33 83 00 - Fax: +33 1 57 33 81 03 - e-mail: sip.nonresidents@dgfip.finances.gouv.fr

Bank account details:

IBAN

FR 76-3000-1000-6400-0000-9086-903

SWIFT BDFEFRPP CCT

Important: Make sure you state the payee bank and its address:

Banque de France, 31 rue Croix des Petits Champs, 75049 PARIS Cedex 01, France

Electronic payment methods (monthly direct debit payments, direct debits on payment due date, online payment) are particularly well suited to your geographical distance from France. They are simple, fast and secure. Contact the Centre Prélèvements Services (CPS) in Lille (contact details below), or visit our website impots.gouv.fr to access these services via your personal account.

- For all information concerning monthly direct debit-payments and direct debits on payment due date (subscription, changes, and change of address and bank account):

Centre Prélèvement Service, 59868 Lille Cedex, France

Fax: +33 3 20 62 82 55/56 – e-mail: cps.lille@finances.gouv.fr

38. Where to get an income-tax return form

- From the website: impots.gouv.fr
- Or by writing to the Service des Impôts des Particuliers Non-Résidents, 10, rue du Centre - TSA 10010 - 93465 NOISY-LE-GRAND CEDEX, France.
Tel: +33 1 57 33 83 00 - Fax: +33 1 57 33 81 03 - e-mail: sip.nonresidents@dgfip.finances.gouv.fr

Where to send your income-tax return? File your return online or send it to the Service des Impôts des Particuliers Non-Résidents (see above).

39. How long do you have to make an appeal and to whom?

– Appeals must be sent to the **Service des Impôts des Particuliers Non-Résidents**:

- By 31 December of the second year following the year in which the tax is payable as stated on your tax assessment notice (Article R* 196-1, para. 1-a of the French Book of Tax Procedures);
- By 31 December of the year following the year in which the deduction at source was made (Article R* 196-1, para. 2-b of the French Book of Tax Procedures) in the event of a calculation error by the payer;
- By 31 December of the second year following the year of payment of wealth tax. Note: appeals concerning the actual market value of property, goodwill and related new merchandise, custom, lease rights and the benefit of an agreement to let concerning all or part of a building, ship or boat must be sent to the **tax assessment service covering the district where the property is situated or where the ships or boats are registered**.

– Pursuant to the provisions of Article R* 196-2 of the French Book of Tax Procedures, persons who feel they have been overcharged or wrongly charged residence tax or real-property taxes may submit an appeal to the tax assessment service covering the place of taxation by 31 December of the year following:

- The year in which the tax is payable as stated on the tax assessment notice;
- Or the year of the taxable event forming the subject of the appeal;
- Or the year of receipt by the taxpayer of a new tax assessment notice correcting the assessment and calculation mistakes contained in the previously sent notice;
- Or the year in which the taxpayer gained certain knowledge of direct taxes charged wrongly or duplicated.

APPENDIX 1: PENSIONS – TAXATION BY COUNTRY

COUNTRY OF RESIDENCE	PENSIONS	COUNTRY OF RESIDENCE	PENSIONS				
			Social security	Public	Private	Social security	
Public	Private						
Are pensions taxable in France ?	Are pensions taxable in France ?						
ALBANIA	YES ⁽¹⁾	NO	NO	MACEDONIA (former Yugoslav Rep. of)	YES ⁽¹⁾⁽⁴⁾	NO	NO
ALGERIA	YES ⁽¹⁾	NO	NO	MADAGASCAR	YES	NO	NO
ARGENTINA	YES	YES	YES	MALAYSIA	YES	NO	NO
ARMENIA	YES ⁽¹⁾	NO	NO	MALAWI	YES ⁽¹⁾	NO	NO
AUSTRALIA	YES ⁽¹⁾	NO	NO	MALI	NO	NO	NO
AUSTRIA	YES ⁽¹⁾	NO	NO	MALTA	YES ⁽²⁾⁽⁴⁾	NO	YES
AZERBAIJAN	YES ⁽¹⁾	NO	NO	MAURITANIA	NO	NO	NO
BAHRAIN	YES	NO	YES	MAURITIUS	YES ⁽²⁾	NO	YES
BANGLADESH	YES	NO	YES	MEXICO	YES	NO	NO
BELARUS ⁽⁹⁾	YES	NO	YES	MONACO	YES	YES	YES
BELGIUM	YES ⁽²⁾	NO	NO	MONGOLIA	YES	NO	YES
BENIN	NO	NO	NO	MONTENEGRO	YES	NO	NO
BOLIVIA	YES	NO	YES	MOROCCO	NO	NO	NO
BOSNIA AND HERZEGOVINA ⁽⁸⁾	YES	NO	NO	NAMIBIA	YES ⁽¹⁾	NO	NO
BOTSWANA	YES ⁽¹⁾	NO	YES	NETHERLANDS	YES	NO	NO
BRAZIL	YES ⁽²⁾	NO	NO	NEW CALEDONIA	NO	NO	NO
BULGARIA	YES	NO	YES	NEW ZEALAND	YES ⁽²⁾⁽⁴⁾	NO	YES
BURKINA FASO	NO	NO	NO	NIGER	NO	NO	NO
CAMEROON	YES	NO	NO	NIGERIA	YES	YES	YES
CANADA incl. Quebec	YES	YES	YES	NORWAY	YES	NO	YES
CENTRAL AFRICAN REPUBLIC	NO	NO	NO	OMAN (SULTANATE OF)	YES ⁽³⁾⁽⁴⁾	NO	YES
CHILE	YES	YES	YES	PAKISTAN	YES ⁽¹⁾	NO	YES
CHINA	YES ⁽²⁾⁽⁴⁾	NO	YES	PANAMA	YES ⁽¹⁾	NO ⁽¹⁰⁾	NO ⁽¹⁰⁾
CYPRUS	YES	NO	YES	PHILIPPINES	YES	NO	YES
CONGO	YES	NO	YES	POLAND	YES ⁽²⁾	NO	NO
COTE D'IVOIRE	YES ⁽²⁾	NO	NO	PORTUGAL	YES ⁽¹⁾⁽⁴⁾	NO	NO
CROATIA	YES ⁽¹⁾	NO	NO	QATAR	YES	NO	YES
CZECH REPUBLIC	YES ⁽²⁾	NO	NO	ROMANIA	YES ⁽⁶⁾	NO	NO
ECUADOR	YES	NO	NO	RUSSIA	YES ⁽²⁾	NO	YES
EGYPT	YES	NO	YES	SAINT MARTIN	YES	NO	NO
ESTONIA	YES ⁽¹⁾	NO	NO	ST PIERRE & MIQUELON	NO	NO	NO
ETHIOPIA	YES	NO	YES	SAUDI ARABIA	YES	YES	YES
FINLAND	YES	NO	NO	SENEGAL	NO	NO	NO
FRENCH POLYNESIA	YES	YES	YES	SERBIA ⁽⁸⁾	YES	NO	NO
GABON	YES ⁽¹⁾	NO	YES	SINGAPORE	YES	NO	NO
GEORGIA	YES ⁽²⁾	NO	NO	SLOVAKIA	YES ⁽²⁾	NO	NO
GERMANY	YES ⁽¹⁾	NO	YES	SLOVENIA	YES ⁽¹⁾	NO	NO
GHANA	YES ⁽¹⁾	NO	YES	SOUTH AFRICA	YES ⁽¹⁾	NO	NO
GREECE	YES ⁽¹⁾	NO	NO	SOUTH KOREA	YES	NO	NO
GUINEA	YES	NO	YES	SPAIN	YES ⁽¹⁾	NO	NO
HONG KONG	YES	YES	YES	SRI LANKA	NO ⁽⁴⁾	NO	YES
HUNGARY	YES	NO	YES	SWEDEN	YES ⁽²⁾	NO	NO
ICELAND	YES ⁽²⁾	NO	NO	SWITZERLAND	YES ⁽¹⁾⁽⁴⁾	NO	NO
INDIA	YES ⁽⁴⁾	NO	YES	SYRIA	YES ⁽¹⁾	NO	YES
INDONESIA	YES	NO	YES	TAIWAN	YES ⁽¹⁾	NO	YES
IRAN	YES	NO	NO	TAJKISTAN ⁽⁹⁾	YES	NO	YES
IRELAND	YES ⁽¹⁾⁽⁴⁾⁽⁵⁾	NO	NO	THAILAND	YES ⁽⁴⁾	YES	YES
ISRAEL	YES ⁽¹⁾	NO	NO	TOGO	NO	NO	NO
ITALY	YES ⁽¹⁾⁽⁴⁾	NO	YES	TRINITY AND TOBAGO	YES ⁽²⁾	NO	YES
JAMAICA	YES ⁽¹⁾	NO	YES	TUNISIA	NO	NO	NO
JAPAN	YES ⁽²⁾⁽⁴⁾	NO	NO	TURKEY	YES ⁽⁴⁾	NO	NO
JORDAN	YES ⁽²⁾	NO	YES	TURKMENISTAN ⁽⁹⁾	YES	NO	YES
KAZAKHSTAN	YES ⁽¹⁾⁽⁴⁾	NO	NO	UKRAINE	YES ⁽¹⁾	NO	YES ⁽⁸⁾
KENYA	YES ⁽¹⁾	NO	NO	UNITED ARAB EMIRATES	YES	NO	YES
KOREA (REPUBLIC OF)	YES	NO	YES	UNITED KINGDOM	YES ⁽¹⁾⁽⁴⁾	NO	NO
KOSOVO ⁽⁸⁾	YES	NO	NO	UNITED STATES	YES	YES	YES
KUWAIT	YES ⁽³⁾⁽⁴⁾	NO	YES	UZBEKISTAN	YES ⁽¹⁾	NO	NO
KYRGYZSTAN ⁽⁹⁾	YES	NO	YES	VENEZUELA	YES	NO	YES
LATVIA	YES ⁽¹⁾	NO	NO	VIETNAM	YES ⁽¹⁾	NO	NO
LEBANON	YES ⁽¹⁾⁽³⁾⁽⁴⁾	NO	NO	ZAMBIA	YES ⁽¹⁾	NO	NO
LIBYA	YES ⁽¹⁾	NO	NO	ZIMBABWE	YES ⁽¹⁾	NO	YES
LITHUANIA	YES ⁽¹⁾	NO	NO				
LUXEMBOURG	YES ⁽⁶⁾	NO	YES				

- (1) Except where the pension recipient has solely the nationality of the country of residence and does not have French nationality.
- (2) Except where the pension recipient has the nationality of the country of residence, even if he or she also has French nationality.
- (3) Except where the pension recipient has the nationality of the country of residence or was resident of the country of residence before providing services there.
- (4) Pensions paid in respect of services rendered to a public establishment are defined as "private pensions" in the tax treaty. They may be taxed at source in France as pensions paid pursuant to French social-security legislation (see column 3).
- (5) Pensions paid in respect of services rendered to a local authority are defined as "private pensions" in the tax treaty. They may be taxed at source in France as pensions paid pursuant to French social security legislation (see column 3).
- (6) Pensions paid in respect of services rendered in connection with an industrial or commercial activity are subject to the rules on public pensions.
- (7) Taxation at source can only be applied up to the ceiling of the total annual sum of the French minimum contributory pension (allowance for former salaried employees and supplementary old-age benefit or any similar minimum contributory pension that might replace these benefits). The surplus may be taxed only in Ukraine.
- (8) The tax treaty concluded by the Government of the French Republic and the Government of the Socialist Federal Republic of Yugoslavia applies to France and the Republics of Bosnia-Herzegovina, Kosovo, Serbia and Montenegro.
- (9) The tax treaty concluded by France and the former USSR applies to Belarus, Kyrgyzstan, Tajikistan and Turkmenistan.
- (10) Except if the pensions are not subject to tax in the country of residence under the applicable tax legislation.

2014 DECLARATION OF TAXATION AT SOURCE

Declare the income concerned on form 2042. Fill in this table when filing your return online or use the table below to declare the elements required to calculate the taxation at source

Important: Tax status is examined by person and not by household. Whatever your situation, fill in the table below and enclose it with form 2042.

• First case: You have received WAGES, SALARIES and PENSIONS in 2014 or you are remunerated as an ARTIST

1. You have received income taxed at source for the entire year

- If your income is less than €41,658*: you have nothing to enter on line 8 TA of form 2042.
- If your income is €41,658* or more: the total taxation at source charged must be entered on line 8 TA of form 2042.

2. You have received income taxed at source for a period of employment of less than the entire year

- See scale in §12 of this explanatory leaflet to find the tax bracket for the income liable to taxation at source.
- If your income is in the middle or lower bracket*: you have nothing to enter on line 8 TA of form 2042.
- If your income is in the upper bracket*: the total taxation at source charged must be entered on line 8 TA of form 2042.

• Second case: You are a SPORTSPERSON or you have received NON-COMMERCIAL INCOME in 2014

The total taxation at source charged must be entered on line 8 TA of form 2042.

* This threshold is net after deducting the 10% personal tax allowance

1	2	3			4	5	6	7	8	9	
	NAME AND ADDRESS OF PAYERS, EMPLOYERS OR PENSION FUNDS	YOU HAVE RECEIVED THIS INCOME AS AN ARTIST OR A SPORTSPERSON (TICK)		NATURE OF THE INCOME TAXED AT SOURCE (TICK)		PERIOD OF WORK OR PERIOD CONCERNED (YEAR, NUMBER OF MONTHS, WEEKS, DAYS)	SUM TO BE ENTERED ON FORM 2042	DEDUCTION (COLUMN 5 x 40 %) (1)	DEDUCTION (COLUMN 5 - COLUMN 6) x 10%	COLUMN 5 - (COLUMN 6 + COLUMN 7)	TOTAL TAXATION AT SOURCE CHARGED BY YOUR EMPLOYER, PENSION FUND, etc. IN FRANCE
		artist	sports-person	wages	pensions	other (e.g. stock options specify)					
Person 1 Surname and first name											
If the sum of the amounts declared in Column 7 is greater than or equal to the above-mentioned threshold, enter the total taxation at source charged by your payers and calculated in Column 8 on line 8 TA										Subtotal	
Person 2 Surname and first name:											
If the sum of the amounts declared in Column 7 is greater than or equal to the above-mentioned threshold, enter the total taxation at source charged by your payers and calculated in Column 8 on line 8 TA										Subtotal	
										TOTAL TO BE ENTERED ON LINE 8TA OF FORM 2042	

1. 40% personal tax allowance on the gross amount of pensions taxed at source (French Polynesia, Wallis and Futuna, French Southern and Antarctic Lands, and New Caledonia).