Taxation on holiday homes in France

The typical buyer of a holiday home in France tends be looking for low risk, long term value

Most people will expect to own their properties for many years and are unlikely to be looking for a quick gain

French Rental Income – Non-Residents

- French income tax on French rental earnings is payable by both residents and non-residents alike
- However France has double taxation agreements with many countries, so in most cases people are unlikely to be taxed twice on the same income
- The basic rate is 20% of tax on the net rental income for non-residents. Non-residents are not liable for a further 15.5% social charges provided the property is a furnished letting

Capital Gains Tax

- If you are resident in the EEA then capital gains tax is charged at a rate of 19%. Plus a further 15.5% social charges. However the French system of taper relief reduces the amount on which capital gains tax and the social charge is levied
- There is a complete exemption from capital gains tax after 22 years of ownership, with tapered relief from the 6th year of ownership. The method by which this is achieved is a discount of 6% a year from the 6th year, and 4% in the final 22nd year
- There is complete exemption from the social charges after 30 years of ownership again with taper relief form the 6th year of ownership