



Ask Amanda

Do you have any Top Tax Tips for Expats living in or moving to France?

In last month's 'The Deux-Sèvres Monthly' magazine I provided some helpful tips to help you with your tax position in France. This article concludes the piece.

Be very wary of trying to be non-resident anywhere

If you are claiming to be non-tax resident anywhere then you could misunderstand the rules of the countries that you are living in. It is possible but most countries will deem you to be tax resident even if you spend less than 6 months of the year in the country. They just do not accept that you can be non-resident anywhere these days.

Don't forget to register your presence

Some people move to France and then decide not to report that they are living there and try and live under the radar. It is a requirement in France to complete a tax return. Even if you are paying tax on pensions in other countries, have assets overseas or income from other sources, the tax law in France states that as a tax resident you are liable to taxation on your worldwide income and assets. However, you might get some double tax treaty relief from France for paying taxes in another country already, e.g. the UK.

Tax favoured investments in one country do not necessarily apply in France

The classic example is the UK Individual Savings Account (ISA). Premium Bonds are another. They are not recognised as tax free in France and are therefore taxed on income and capital gains. You might need to re-examine all your existing investments and replace them with tax favourable investments for France.

Watch out for 'tax-free' lump sums from pensions

This is now referred to as PCLS (pension commencement lump sums). The UK pensions system allows a 25% lump sum pension payment on retirement which is tax-free if you are a UK tax resident. In France that lump sum is taxable and therefore it might be advisable to take it before you change residency. You might also consider moving the pension fund to a QROPS (Qualified Recognised Overseas Pension Scheme). This means you can put the pension outside of the UK which has some advantages, e.g. income can be paid in Euros and a larger available lump sum of up to 30% is available.

Don't be worried about tax planning in France

After reading all of this over the last two months, life in France is great! If you plan early enough and do things properly it will be less painful than if you are caught doing the wrong thing. We often tell clients that for a few hundred Euros more, it really is not worth taking the risk or losing sleep at night.

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Why not make an appointment to see how I can help you?

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