



# Tax Planning for 2016

by Bradley Warden, Blevins Franks



**W**hen did you last review your tax planning? There have been a number of French tax reforms over recent years and it is important to ensure your arrangements are up-to-date, and designed to take advantage of tax planning opportunities in French regime.

### Income Tax

Income tax rates for 2016 (payable on 2015 income) remain the same as

last year, though the income tax bands for each rate have increased slightly.

Last year saw the removal of the 5.5% income tax band. This presents tax planning opportunities for investors because of the difference in France between income and taxable income.

Income tax is payable on earnings, pensions, rental and investment income. There can be more tax efficient ways of holding investment assets.

### Social Charges

In February 2015 the European Court of Justice ruled that France could not apply social charges on people subject to social security in another EU/EEA member state. So non-residents should not be liable on French real estate income and residents who hold EU Form S1 were exempt on unearned and investment income. Refunds are available for charges paid in recent years.

That was good news, but it did not last. The French government amended its social security law in such a way that it can again apply social charges on those people who were temporarily exempt.

So everyone needs to pay 15.5% social charges on investment income. The combined tax rates with income tax can reach 60.5%, but there are compliant, tax efficient arrangements that can help you lower this tax liability, sometimes significantly.

### Wealth Tax

Wealth tax remains a concern for wealthier residents. You are liable if your taxable worldwide assets are above €1.3 million, with tax payable on assets over €800,000. If you are affected seek advice on how to lower this liability.

### Succession Tax

There are no key changes to succession tax this year, but estate planning was brought into the spotlight by 'Brussels IV', the 2015 EU succession regulation. If you opt for UK succession law to leave assets freely, some heirs could face tax rates of up to 60%.

You should consider your estate planning as a whole – tax mitigation, succession law, probate, how to control who to leave assets to, and when and how. This is a complex area and you must take specialist advice.

It is important to understand how French taxation impacts you personally, and establish tax planning solutions based on your objectives and family circumstances. Seek personalised advice.

*Summarised tax information is based upon our understanding of current laws and practices which may change. Individuals should seek personalised advice.*

**seminars** *Book your place now by phone, email or from our website*

“Estate planning in France worries me. How can I ensure the right money goes to the right hands at the right time?”

**Talk to the people who know.**

Succession tax can be high in France and its forced heirship laws are very restrictive. The European Certificate of Succession comes with pitfalls; there are other options but care must be taken. Our seminars examine all the estate planning issues you need to be aware of and advise on how you can have control and certainty. They also cover recent tax and pension changes affecting UK nationals in France.

Thur 17 Mar | Domaine du Griffier **GRANZAY-GRIPT** (near Niort)

**coffee at 10am for a 10.30am start, ending 12 noon**

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