

## **TAXATION OF YOUR FRENCH RENTAL INCOME**

### **UK RESIDENTS DO NOT MISS THE DEADLINE!**

If you have rented out your French property in 2005 even for only a few weeks, you should be aware that the income is taxable in France under the provisions of the UK-France Double Taxation Tax Treaty.

The Tax Return, which should be made available by the end of April 2006, must be filed with the French tax authorities on 30<sup>th</sup> June 2006 at the latest. If this deadline is missed, you will incur a penalty of 10% if you submit your return within one month. A further penalty of 0.75% per month is payable for delays in subsequent months. Penalties for non-declaration may reach 80%.

Assuming that your rental income is less than 76,300 Euros (£53,000), you may benefit from the "micro BIC" regime which is most of the time very favourable.

This regime provides a fixed deduction rate of 72% on the relevant income, taxation being applied on only 28%. On this 28%, the French tax authorities then apply a fixed rate of 25%.

This rate may even be reduced if it turns out that your global income (which includes your French and UK income) would be taxable at a lower average rate if you were French tax resident. You will of course need to provide the French authorities with details of your worldwide income so that they may calculate this « virtual » taxation rate.

Please note that the tax paid in France may be deducted from tax due in the UK in the same category.

For further details and assistance, please contact:

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