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French property owners' taxe foncière bills up 27.9% in ten years

Landlords' group has flagged a steady rise three times higher than rents or inflation in the period 2010-2020, although rises this year are fairly contained

The average bill for the homeowners' tax, taxe foncière, has risen 27.9% over the last ten years, says an association representing landlords.

In its latest annual taxe foncière report, Union nationale des propriétaires immobiliers (UNPI) sounds the alarm over a steady hike in the tax from 2010-2020, which it says is three times more than the rise in inflation or rents over the period.

Even so, with notable exceptions in certain cities, the rise from 2020 to 2021, which the report also examines, has been relatively contained, at just 1% on average in the 50 largest towns and cities in France.

This year also sees the tax for the first time going entirely to local communes and intercommunal bodies, with the part formerly given to departments having been transferred to communes instead.

Where were the highest rises?

Nantes is the 'large town or city' with the highest rise over the 2010-2020 period, with the average bill having risen 37.5%, the UNPI report shows. This is partly due to the Nantes Métropole urban area adding a charge on top of that for the city of Nantes council during this period. This was, however, partly offset by a reduction by four percentage points in the rate for the associated rubbish collection tax.

Significant rises in taxe foncière are mostly caused by local authorities voting to increase the percentage rate they apply annually to the base values of individual properties, which for this tax consist of one half of the valeur locative cadastrale, a theoretical rental value used by the tax office for each property.

Part of the rise also results from small generalised increases to valeurs locatives cadastrales voted annually by parliament to account for rent increases, and in one-off cases to reported improvements and extensions to homes. Over the 2010-2020 period only 14.2% of the overall tax rise can be attributed to the general revaluation of base values, UNPI says (ie. half of the reported total rise).

International Property Tax Institute

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Top of the table for 10-year rises after Nantes was Villeurbanne (36.8%), followed by Clermont-Ferrand and Lille (36%), Saint-Denis (33.6%), Angers (33.3%), Créteil (33.2%), Aubervilliers (32.8%), Argenteuil (32%) and Limoges (31.4%).

Angers tops the podium for having the highest overall percentage rate as of 2020, at 56.42% (communal and departmental parts combined, plus certain small linked taxes), compared to Paris, the lowest, at just 14.14%.

The next highest rates were at Amiens (55.87%) and Grenoble (54.72%).

At the bottom of the table for ten-year increases were Montpellier and Nice, with only a 14.9% increase in their bills from 2010-2020, mostly due to the revaluation of the base values.

Cities with the steepest hikes this year

In 2021 Orléans shows the steepest annual increase in the tax, with the bill up 9%, mostly due to a rise in the rate taken by the Orléans Métropole intercommunal body, but compensated by a drop in the tax for rubbish collection, which is charged on the same bill (however this mostly benefits owner-occupiers, as landlords pass this on to tenants).

Grenoble has also seen a steep rise of 8% this year, again mostly due to a rise in the rate taken by the Grand Poitiers body, whereas Strasbourg is in third place at 5%, followed by Toulon (4.4%).

The small overall rise in cities this year was linked to a very low general revaluation of the valeurs locatives cadastrales of just 0.1%.

According to UNPI leader Pierre Hautus recent rises have often been more notable in some associated taxes as opposed to tax foncière itself. These include the tax for rubbish collection, a tax on polluting activities, Gemapi (which finances water treatment) and taxe spéciale d'équipement, which finances local infrastructure projects.

Meanwhile the head of the Association des petites villes de France, André Robert, has warned of likely increases to come in view of the removal of the other main local property tax, taxe d'habitation, from main homes.

Mairies are compensated for this by central government grants, whose amount they do not control, so may make more use of their power to raise the tax foncière, Mr Robert has said.

Taxe foncière property tax in France: What exemptions exist?

This tax is payable by property owners but individuals can benefit from an exemption or reduction depending on their situation and the nature of the building or land

It is October: Time for many homeowners in France to pay their tax foncière property tax bill if they have not opted for monthly payments.

If you have been paying in monthly instalments, your new avis d'impôt statement for this tax will tell you if you still have instalments to pay this year.

Otherwise, the deadline is October 15 or 20 depending on the mode of payment. Further information can be found on the public information website, Service public.

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Local property taxes in France are split into *taxe d'habitation* – a tax on residence payable by whoever is living in a property as their home on January 1 – and *taxe foncière*, which is applicable to the owner/s of a property.

Those who own a property in France, whether residential, commercial or industrial, on January 1 in any given year will need to pay this tax whether or not they live in it.

Money raised through *taxe foncière* is fed into municipal councils to fund local services.

Taxe d'habitation is gradually being phased out for main homes and will be completely removed for them by 2023.

However, *taxe foncière* has increased in recent years, growing by an average of 31.4% between 2009 and 2019, while for the same period the rate of inflation was 10.7%, according to the property owners' representative, the *Union nationale des propriétaires immobiliers*.

What are the grounds for exemption?

There are some situations which exempt individuals from having to pay *taxe foncière*, or entitle them to reductions.

New builds: Newly built residential properties, extensions to existing buildings and rural conversions are not subject to *taxe foncière* for the first two years as long as the construction work is declared to the tax authority within 90 days of completion.

Non-residential buildings are only granted partial relief.

The local commune can also decide to limit the rebate on residential new builds to between 50% and 90%.
Elderly people of modest means: People aged 75 and over on January 1 of the year that the tax is payable are also exempt, provided that their income was below a certain threshold in the previous year. This relates to *revenu fiscal de référence* (net taxable income) as shown on your last *avis d'impôt* income tax statement. For 2020 income (the last declared), this limit was €11,120 for a single person, €17,058 for a couple and an extra €2,969 for any dependents.

The exemption only applies if the person lives alone, or with a partner, dependents or another person whose income sits below the threshold.

Those who receive AAH, Aspa or ASI: exemptions apply to registered disabled people of any age who receive *l'allocation aux adultes handicapés* (AAH) and whose income does not exceed the threshold detailed above. Elderly people who benefit from *l'allocation de solidarité aux personnes âgées* (Aspa) or *l'allocation supplémentaire d'invalidité* (ASI), are also eligible for exemption on their main residence.

Over-65s: People aged 65 and over on January 1 of the year in question who are not completely exempt are entitled to a €100 *taxe foncière* rebate for their as long as their income does not exceed the limit mentioned above and the property is their main home.

All of these groups can continue to benefit from the relevant tax exemption or reduction if they begin living in a care home, as long as their property is not occupied.

The authorities can also award a five-year *taxe foncière* holiday to offices that have been converted into housing, as long as they act as principal residences and not second homes.

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Low income households: People whose income sits below a certain threshold can have their taxe foncière payments capped if they constitute more than one half of their revenues.

In 2021, this is applicable to people whose annual income does not exceed €26,149, plus an extra €6,109 for their first dependent and €4,810 for any additional dependents.

This does not apply to waste collection charges.

People who pay the real estate assets tax IFI are not eligible for this cap.

Empty houses: Individuals can receive a tax rebate if a property that would normally be rented out is left empty. This vacancy must be outside of the owner's control, last at least three months and concern the whole property

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The house or flat must be in a condition appropriate for habitation, and the landlord must have made reasonable efforts to rent it out.

Farmland: Land used for farming is subject to a permanent reduction in taxe foncière rates.

Some lands may benefit from a temporary exemption, for example, if they are used for timber or walnut production. The length of the exemption is decided by the local authority.

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