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WHY DID I NOT OBTAIN PROPERTY TAX EXEMPTION FOR NEW-BUILD FRENCH HOME?

It is often said that new French houses are free from taxe foncière in the first two years; this is true, but it does not apply in all cases

Question: I understood there would be an exemption from taxe foncière for new-build properties, but I did not benefit from this. My mairie said it was their decision as to whether or not the tax is imposed on new-builds, and in our area it is levied. Why do so many sites say that it is available?

Firstly, as we report here, this exemption for the two calendar years after the year of completion of a new-build property is not automatic but has to be applied for.

Secondly, the exemption is given on request unless the mairie has specifically voted to cancel it.

This is probably why many sites state that the exemption exists (if you make the request). In fact, the right of mairies to vote against it is not even mentioned by the French Economy Ministry on its page about the calculation of this tax, though it is clarified on the tax service website impots.gouv.fr.

The tax website states that either communes (the mairie) and/or intercommunal bodies (local groupings of neighbouring communes) can vote to remove the exemption or to limit it to homes that have been up to 50% funded by state-approved or aided loans, or interest-free loans.

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This tax mostly goes to communes, plus a part to intercommunal bodies where they exist, so the removal would be for all of the tax or one part, depending on the arrangements where you live.

Note that it only applies to homes, not to buildings that have a business use.

How do you claim it?

Assuming it exists in your area – which you could check by calling your mairie – this exemption applies to:

- Both main and second homes
- New constructions
- Additions (ie. extensions – in which case it would only apply to the increase due to the extension)
- Complete overhauls of a building considered a ‘reconstruction’.

It can also be claimed for if there is a change of use, eg. a barn conversion, as long as major works are involved.

It is claimed by sending a form declaring completion of the work (whether relating to new construction, reconstruction, addition, or conversion) to your centre des impôts (local tax office) in the 90 days after completion of the work.

Sending this by lettre recommandée avec avis de réception (registered post) would help to reinforce the official nature of the request (as opposed to ordinary post), and give you a record of delivery; you could also drop it in, in person, if convenient.

There are specific forms for the declaration, one for detached houses and one for flats.

PROPERTY TAX: AFTER PARIS, OTHER CITIES DO NOT RULE OUT AN INCREASE

Are we on the eve of a property tax spike? The announcement, by Anne Hidalgo, mayor of Paris, on November 7, of an increase of almost 50% in local tax in the capital, which will go from 13.5% to 20.5% in 2023, has caused a sensation, and animated the municipal council of the capital, these last days. Mme Hidalgo had previously promised not to raise taxes.

Is this decision isolated or will other cities follow? In fact, this tax paid by the owners of real estate and allocated to the municipalities, has already increased significantly in 2022.

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The first part of the increase (based on inflation) corresponds to an automatic revaluation of 3.4%, i.e. the “biggest revaluation since 1989”, assured the National Union of Property Owners (UNPI), in mid-October. The second part (local authorities can modify this rate) “jumped: + 1.3% in 2022”, again according to the UNPI. A few cases have caught the attention, such as Poissy (+ 23.9%), Mantes-la-Jolie (+ 22.2%) or Martigues (+ 19%), Marseille (+ 16.3%) or Tours (+ 16%). cases “minorities” however, says Antoine Homé, co-chairman of the finance commission of the Association of Mayors of France.

For 2023, inflation requires, the mechanical revaluation should be “from 6% to 7%, which would represent 3 billion euros”, specifies Floriane Boulay, director general of Intercommunalities of France (the association of a thousand groupings of municipalities). The final figure will be known in December.

As for the choice of mayors, if Paris has already made known its arbitration, it can wait until the adoption of municipal budgets in the spring. In Grenoble, the increase could be between 15% and 25%, the city has already leaked. But the investments linked to the ecological transition mean that “there is a chance, in fact, that it will continue to increase” believes M.me Boulay.

Energy prices “completely crazy”

“The vastness of the mayors have not made a decision, because they are in the fog”, observes Antoine Homé. In particular, they are waiting to know whether the European Union will agree to regulate energy prices. “But if the fundamentals don’t change by spring continues the mayor of Wittenheim (Haut-Rhin), this may force mayors to act on taxation. »

Energy prices have become “completely crazy” gets carried away Mr. Homé, “It is a calamity that falls on the communities”. And there are other charges, such as the general increase in civil servants decided by the government, the interest rates which go up. So raising the property tax might seem inevitable to many mayors.