

An Introduction to Income Tax in France

Most people pay less income tax or "*impôts sur le revenu*" in France than they would as resident of the UK. This is not an outrageous claim but a statement of fact.

Initially it would seem as though this should be a tax that we British understand, after all we invented it didn't we? However, there are differences.

One of the differences is that there is no "tax allowance" in the British sense, there is an amount of money that you may earn, which is assessed at 0.00%, so arguably a question of semantics.

A substantial difference is the "*Quotient Familial*" (pronounced *qwo-shon famil-ee-yal*), better known as the "parts" system. In the UK we are taxed as separate individuals. This means that if, in a couple, one person earns £100,000, they receive just the one allowance on this income, resulting in the earner becoming a high rate tax payer. This is where we commonly see, in the UK, self employed people employing their spouse in order to make use of the nil rate allowance and the lower tax bands.

However, in France this would be quite unnecessary, because in France couples are taxed together. A couple where one person earns €100,000 would be "deemed" as though each person earned €50,000. This can result in a considerable saving over the UK position. Moreover, if you have children, you can divide this income into even more "parts", further reducing your tax liability.

Just to be clear, a "couple" in France is defined as two people who are either married or in a "*Pacte Civil de Solidarité*", or PACSed.

Income tax is always applied in arrears, thus if you move to France in January in any year, your first tax return is to be completed in May the following year. Anyone who is deemed to be a fiscal resident of France must complete a tax return or "*déclaration d'impôts*". It does not matter if you have no income, or if all your income is deemed "exempt", or where in the world the income is paid; if you live in France you must complete and file a tax return.

Another point is that it is unlikely that you will be sent a tax return in the first instance. The law obliges you to go and obtain one; the argument that you did not receive a return does not protect you from being fined or even (in very extreme cases) a custodial sentence.

We find it very common that people fill in the wrong forms, omit important documentation, complete the wrong boxes and end up paying more than they should. This even happens where people have received help from someone at the tax office, as they often do not understand the international angle.

There is so much more to know about the system than can be mentioned here. It is worth knowing that your returns have been completed correctly, thus is always worthwhile engaging a tax professional.

If you are struggling to define whether or not you are a French resident and whether or not you should be paying tax in France, you may wish to view our [news BLOG on French residency](#).

To be read in conjunction with [Latest French Tax Rates](#)

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