

An Introduction to Wealth Tax

'*Impôts sur le fortune*' or wealth tax, as we know it, is one of the largest obstacles to moving to France for many people with significant assets.

Wealth tax is designed to be a tax on the 'sale' value of assets you hold within your total estate, when the estate is valued over a certain level (see [latest tax rates](#) sheets for current rates and thresholds). Wealth tax is payable by those who live in France whose taxable assets are above the threshold and those not resident in France who have property in France over the value of the threshold. Those resident in France are assessable to wealth tax on their world-wide assets.

There are certain assets that are exempt, such as fine art, antiques and certain business assets.

Wealth tax is assessed each year 1st January and it is only this date that matters. The value of assets either side of this date are immaterial, thus if your stock portfolio halves prior to this date and picks back up gain to the original value afterwards, this would be considered fortunate.

The good news is that there are many allowances that can be applied to the wealth tax calculation and even methods of reducing, or even eliminating it altogether.

The wealth tax bill itself is due 15th June (though there are other dates for non residents) and is pure self assessment; i.e. you fill out the form, do the calculation, write the cheque and send it. This is different to income tax, for example, where you fill out the form and send it and the tax office does the calculation and sends you the bill.

Do not be fooled into thinking this means that the tax office does not check up on you. The tax office has access to a great deal of data and not just on your assets in France.

Nearly everyone we talk to is surprised at the level of wealth tax they will have to pay, with the bill being significantly lower than they expected.

We have seen it where an individual set up a trust in order to get round the payment of this tax, since they feared paying a huge bill. As it turned out the cost for running the trust was significantly higher than the wealth tax he was trying to avoid.

The lesson here, is work out what problem you are trying to avoid before deciding on a solution. Had he have merely discussed his position with a tax professional he would have saved himself a lot of money.

To be read in conjunction with *Latest French Tax Rates*

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