



French taste for small dogs dates to Stone Age

REMAINS from the Dordogne, Haute Garonne and Hauts-de-Seine have been identified as belonging to France's earliest domesticated dogs - and they were less than 43cm tall, about the size of a poodle. They are much smaller than other prehistoric pets from places like Russia or Ukraine. Unlike the modern French, however, marks on some remains from 15,000 years ago show the cavemen would sometimes eat their dogs and wear their fur.

No wealth tax to pay in 2011 for fortunes under €1.3m

June declarations may be delayed until September for reforms to be passed

PEOPLE whose total fortunes are less than €1.3m will escape paying wealth tax from this year, the government has said.

The change will be a relief to about 300,000 people who pay Impôt de Solidarité sur la Fortune (ISF) largely due to the rising value of their house. It will also save about 200,000 who were "about to" become ISF payers in the next few years, the government says.

However the reforms announced by Budget Minister François Baroin fall short of claims by President Nicolas Sarkozy that he would abolish the tax. France has been the only EU country to levy a wealth tax for several years.

According to Mr Baroin, at least one part of his fiscal reform law (expected to be voted on by parliament in June) is likely to apply as of this year's declaration and payment of Impôt sur la Fortune (ISF) - exempting those with wealth falling into the current first band of €800,000 - €1.3-0.000.

The law is unlikely to be passed in time for ISF declarations on June 15, so these may be pushed to September 15 (a decision due to be taken in May).

Other parts of the law, likely to be in place by 2012, include abolishing the six ISF bands and

applying a single rate to persons' wealth, from the first euro: 0.25% if you own up to €3 million and 0.5% if you own more.

The "poor," ISF payers (who will pay no tax) do the best out of the reform, but otherwise those who benefit most are the super rich, who have a lower rate applied to most of their wealth.

Those whose wealth falls only just into the second band will pay more, a problem the government has said it will try to resolve. This is likely to involve a progressive rise in the tax rate from 0-0.25% for those with €1.3-1.5million.

Examples:
 ■ Wealth of €1,350,000 - tax now: €3,105, under reform: €3,375
 ■ Wealth of €2 million - now: €7,990, reform: €5,000

■ Wealth of €10 trillion - now: €112,450, reform: €50,000
 ■ €1 billion - now: €7,697,780, reform: €5 million

Other plans include:

■ From 2012 people paying lower rate ISF will declare their wealth on the income tax form rather than making a separate declaration.

■ The tax shield, the *bovcher fiscal*, which refunds all taxes paid in a given year above 50% of the value of income for the year, will be abolished (possibly from this year). However this will not, presumably, halt applications, based on 2009 income, available this year until December 31.

■ The ISF *plafonnement*, a mechanism to limit the amount of the ISF calculation itself, will also be abolished. This would limit 2011's ISF and income tax paid in 2011 on 2010 income to 85% of 2010 income.

■ Tax on large inheritances will be raised to plug a €900m

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The first band are usually people who became wealth tax payers due to spiralling property prices
François Baroin
 Budget Minister

gap left by other reforms. Tax on the second-to-last band (€0.9-1.8m) will go from 35% to 40% per heir and on the last one (above €1.8m) from 10% to 15%.

■ The renewal period for lifetime gifts, which includes a €156,575 tax allowance for direct heirs,

will be extended to 10, from six, years.

Only 3.5% of ISF payers benefited from the *bovcher* (and only 0.2% of those in the first band) so it is thought most ISF payers will come out winners from the reform. This is especially the case for high band taxpayers who also have very high incomes so did not benefit from the *bovcher*. However there will be some losers among those with relatively low incomes but large amounts of capital.

■ A NEW "exit tax" will be created "from this year", according to the government. It will apply to those who leave France then sell shares from abroad (eg. someone who moves to Belgium, then sells their French-based firm). The government has yet to release details.



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French Wealth Tax:

Your advisor with your best interests at heart

If you are already living in France or about to make the move, or if you are thinking of becoming a French Property owner, you will be concerned by French taxation.

Established since 1976, our company will be by your side you to give advice, to help you optimise your tax situation, and make the most of the solutions available: your tax affairs will be in safe hands.

Maybe for the last time this year, you will have to send off a French Wealth Tax, "Impôt de solidarité sur la fortune" (ISF), form.

No one can say exactly what decisions the Government will make in the coming months on the future of ISF, and on wider tax reforms. We are following the daily twists and turns in this judicial saga.

However, one thing is sure, that it is becoming increasingly difficult for a private individual, especially if they have not spent all their lives in France, to understand, comply with and follow the constant developments in the French taxation system.

The new French-British tax agreement, the impatriate regime, has brought in attractive new measures which are, however, complex to apply. Our role is to ensure that these constraints don't spoil your precious time in France.

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