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**THE BRITISH ESTATE AGENCY IN S.W. FRANCE UNDER THE DIRECTION OF  
CHARLES SMALLWOOD F.R.I.C.S AND JANE SMALLWOOD**

### **TAX AGENT OBLIGATION TO BE ABOLISHED**

France has imposed an obligation on non-residents selling French property to appoint a French tax agent on sale and this agent instructs the Notaire as to the amount of capital gains tax which has to be paid to the French Government out of the sale proceeds.

The agent calculates the tax and decides what expenditure can be deducted in this calculation. They also stand as guarantor to the French tax authorities and for carrying out this week the agents charge a fee, which is generally around 1% of the purchase price + VAT.

In 2011 the European Court of Justice decision ruled that a similar arrangement in Portugal is contrary to European Law as it prohibits free movement of capital in the EU.

Since this judgement France has been under pressure to abolish the requirement for a tax agent to be appointed and as a result France has included in its recent Finance Act, currently making its way through Parliament, that these agents will no longer have to be appointed for all sales as from 1<sup>st</sup> January, 2015. (this applies to citizens of the EEA – residents of countries outside the EEA will continue to be obliged to appoint a tax agent).

This is helpful for sellers in 2015 onwards but anyone who has previously sold and incurred this charge should consider lodging a claim for a refund from the French tax authorities.

10<sup>th</sup> December, 2014.

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