International Background Paper

Wealth Tax Commission

Wealth tax: France

Author
Marine Dupas

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
WARWICK THE UNIVERSITY OF WARWICK
UKRI Economic and Social Research Council
Atlantic Fellows FOR SOCIAL AND ECONOMIC EQUITY
CAGE

WEALTH TAX: FRANCE

Marine Dupas, Arkwood

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1. Brief history of wealth tax in the country[1]

France has a long history of taxation of wealth.

1945 introduction of the *Impôt de Solidarité Nationale (ISN)* - 'National Solidarity Tax'

Established by the ordinance of 15 August 1945, the ISN was an exceptional and temporary tax to finance the reparation of the war consequences. This tax was composed of two levies: a progressive tax on wealth and a wartime enrichment tax (assessed on the increase in wealth between 1940 and 1945).

1982 to 1986: Impôt sur les Grandes Fortunes (IGF) - 'Tax on High Wealth'

The IGF was created by the 1982 Finance Act following the presidential election won by Mr. François Mitterrand (left wing). It came into force on 1 January 1982.

The IGF aimed at setting up a redistribution and tax justice tool designed to reduce inequalities in France.

The IGF targeted individuals whose wealth value exceeded 3 million French francs at the time.

Business assets with a value below 2 million francs, as well as antiques, works of art and collectors' items were exempt from the IGF.

The IGF was abolished in 1986 by the right wing government of Mr. Jacques Chirac.

From 1989 to 2017: Impôt de Solidarité sur la Fortune (ISF) - 'Solidarity Tax on Wealth'

Created by the 1989 Finance Act to finance a minimum income for the poorest (RMI), the ISF is based on the mechanisms and philosophy of the Tax on Great Wealth.

The conditions for being subject to the ISF were, in 1989, to own taxable assets whose total net value exceeded 4 million francs.

The main residence benefited from an allowance that increased from 20% to 30% in 2007. It is therefore now valued at 70% of market value as at 1 January each year.

In 1989, the progressive tax rates brackets were as follows:

- 0% on the fraction of taxable assets not exceeding 4 million francs
- 0.5% on the fraction between 4 million and 6.5 million francs
- 0.7% on the fraction between 6.5 million and 12.9 million francs

[1] This paper focuses mainly on the current operation of the real estate wealth tax (Impôt sur la Fortune Immobilière - IFS). The summary below sets out the main rules governing the annual tax on real estate assets currently in force in France. It is by no means exhaustive and simplifies certain complex issues.

- 0.9% on the fraction between 12.9 million and 20 million francs
- 1.1% on the fraction above 20 million francs.

From 1986 to 2017, there were several changes to the ISF.

In 2017 households with net taxable assets in excess of 1.3 million euros were subject to the tax at the following progressive tax rate brackets:

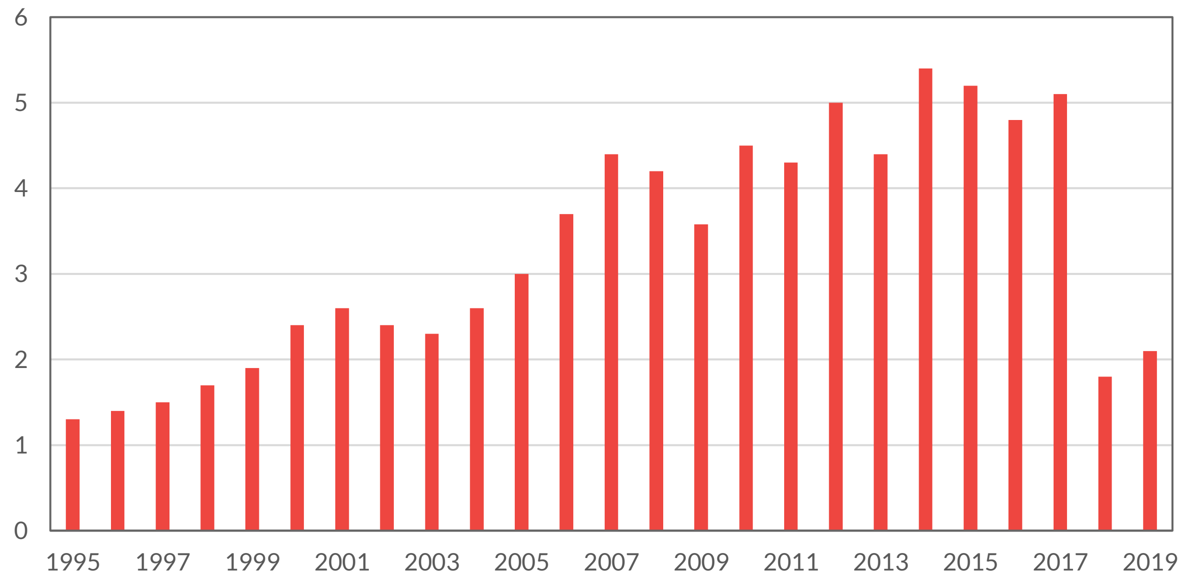
- 0% below 800,000 euros
- 0.5% from 800,001 euros to 1.3 million euros
- 0.75% form 1,300,001 euros to 2.57 million euros
- 1% from 2,570,001 euros to 5 million euros
- 1.25% from 5,000,001 euros to 10 million euros
- 1.5% over 10 million euros.

Impôt sur la Fortune Immobilière (IFI) - 'Real Estate Wealth Tax'

From 2018, judging that the ISF was an obstacle to the development of investment in France, President Macron replaced it by the IFI, assessed solely on real estate not allocated to business activities. However, in design IFI is very similar to ISF except in its restriction to residential property.

How much revenue was raised?

FIGURE 1: REVENUE FROM WEALTH TAX (€BN)



Source : INSEE (French national statistics office: https://www.insee.fr/fr/statistiques/2381408#tableau-figure1)

Political view

After his election in 2017, President Macron suppressed the ISF and created the IFI.

The taxation of wealth is very often debated in France with part of the population considering that it is an obstacle to the economic growth and the attractiveness of France and that it drives away the richest people.

Another part of the population sees the taxation of wealth as a tool for social justice and a necessity to reduce inequalities.

In 2018, the "Yellow Jackets" movement made restoration of the ISF one of their main demands.

In December 2018, a poll conducted by a left oriented newspaper (l'Humanité) apparently found that 70% of people interviewed were in favour of restoring the ISF.[2]

How is the IFI levied?

The IFI is a yearly tax levied at the national level. It solely targets individuals.

It is due when the net taxable wealth of a given household exceeds the taxable threshold (which is currently 1.3 million euros) as at 1 January of a given year.

[2] Source : https://www.ifop.com/publication/les-francais-et-lisf/

2. What assets are taxed?

The *IFI* is levied on real estate situated anywhere in the world directly or indirectly owned by French resident individuals as well as on real estate situated in France directly or indirectly owned by non-French resident individuals. The rules work as follows:

- All buildings and lands or rights on real estate assets whatever their use, i.e. buildings rented, made available or where the owner reserves the right of use, including the main residence;

- All constructions fixed to the ground in perpetuity and which have the character of real buildings are concerned;

- Shares of companies or partnerships holding real estate assets directly or through a chain of shareholdings, to the extent that their value represents real estate assets or rights held directly or indirectly by the company or organisation (however, there are certain exemptions detailed below);

- Redemption value of redeemable life-insurance contracts or capitalisation contracts invested in real estate assets, pro-rata the value of the real estate assets out of the total value of the units;

- Rights of the lessee in a construction lease (i.e. a contract in which the lessee undertakes, as a principal obligation, to build buildings on the lessor's land and to keep them in good condition throughout the term of the lease).

The following assets are exempt from IFI:

- Assets used for business defined as property or real estate rights assigned to the industrial, commercial, craft, agricultural or professional activity of the company or organisation that holds them, or, under certain conditions, to that of a third party company or organisation;

- Certain shares of companies or organisations are excluded from the tax base depending on the level of the taxpayer's interest in these companies or organisations. These include:

    - Companies whose activity is industrial, commercial, craft, agricultural or liberal activity in which the taxpayer and the members of the tax household hold, directly or indirectly, less than 10% of the capital and voting rights. The exclusion, for the purpose of determining the IFI's tax base, of the shares or stocks of a company or body means that all its assets, including any real estate assets or rights or interests in entities carrying on a civil activity and holding such assets and rights, remain non-taxable.

    - Certain French types of collective investment undertakings (as well as EU or EEA with administrative assistance treaty UCITs with similar features), provided that the following cumulative conditions are met:

    - The taxpayer must hold, alone or jointly with other members of the tax household, less than 10% of the rights of the collective investment undertaking; and

    - The assets of the undertaking for collective investment consist, directly or indirectly, of less than 20% of taxable real estate assets or rights.

  - Shares in listed real estate investment companies which the taxpayer holds, directly and, where applicable, indirectly, alone or jointly with the persons in the tax household, less than 5% of the company's capital and voting rights.

3. Defining the tax base – who pays: individuals and trusts

The IFI is an annual tax whose liability conditions are assessed on 1 January of each taxation year.

Only individuals are liable to real estate wealth tax (IFI).

It is payable by households whose total net taxable assets exceed the tax threshold which is currently 1.3 million euros for 2020.

The household includes married couples, civil partners (under a civil partnership), partners in a well-established public cohabiting relationship as well as minor children.

Married couples are allowed to be taxed separately in certain specific cases:

- The spouses operate under a matrimonial regime of separation of assets and do not live under the same roof (i.e. they have ceased to live together); or
- The spouses are in the process of separation or divorce and live separately.

There are very specific provisions governing trusts, foundations and similar entities.

As a general rule, taxable assets (real property) held in trusts are subject to IFI. Only two types of trusts are expressly exempted:

- Irrevocable trusts which solely benefit certain charities; and
- Pension trusts under a pension scheme set up by a company or group of companies for its employees.

French law creates a pure fiction for the purpose of the IFI whereby all assets placed in the trust are subject to IFI imposed on the settlor under the conditions of ordinary law, whether they are, for example, real estate and real estate rights, shares or stocks in companies up to their representative fraction of real estate or real estate rights, or insurance contracts or capitalisation bonds or contracts up to their representative value of the units of account made up of taxable assets. The value of the taxable assets held in trust is combined with the taxable assets of the settlor and of the members of his household.

It is up to the settlor to report the trust's assets in his wealth tax return and pay the corresponding tax out of his own funds, irrespective of the characteristics of the trust. If the settlor fails to do so, the trustee is secondarily liable to pay a substitutive tax from the trust funds.

Even if the settlor is not a French resident, if the real estate is in France the same rules apply. The non-French tax resident settlor is liable for the reporting and payment of the wealth tax(WT). If he does not comply, the trustee is liable for the reporting and payment of the sui generis tax. There are several mechanisms helping the French tax authorities to track that WT is properly reported and paid, in particular the 3% tax mentioned below.

This rule makes the tax base independent of the particular terms of the trust deed and whether it is revocable or irrevocable, discretionary or non-discretionary is irrelevant.

When the settlor is a company, you look at the individual who contributed the assets in the first place to the company or who was the beneficial owner of the assets endowed by the company into the trust.

If the settlor dies, the beneficiaries become 'deemed settlors' for the purpose of the IFI. Where there are several beneficiaries and in the absence of an express allocation of the trust assets in the trust deed or related deeds (e.g. it is discretionary), the trust assets are deemed to be allocated equally among each of the beneficiaries deemed to be settlors. In other words, in the case where there are three beneficiaries of the same rank, each beneficiary would be deemed to 'own' one third of the trust's assets for the purpose of the French IFI. However, based on a decision of the Supreme Court of Compliance [3] to the Constitution, this presumption is rebuttable and does not apply if the beneficiary can demonstrate that the trust's assets do not confer on him any financial capacity.

Example 1

There is a wholly discretionary trust, a deceased settlor and no distributions have ever been made to any French resident beneficiaries. The trust may not be subject to IFI (unless it has French real estate in which case the trustees will pay – see below). If a trust was to X Y and Z (French residents) on a discretionary basis and then on their deaths to their children, only X Y and Z are liable for IFI – not their children while the parents are alive. If X receives distributions and is a UK resident and Y and Z are French residents but never receive anything and cannot request any distribution or loan from the trust, and the trust has no French real estate, there are some potential arguments that no French IFI should be payable.

The law provides for an anti-avoidance mechanism whereby the trustee becomes liable for the payment of a sui generis tax (which rate is the marginal rate of the IFI, currently 1.5%) based on the taxable assets held in trust if the settlor or beneficiary(ies) as deemed settlor(s) do not comply with their reporting and payment obligations of the IFI. In such a case, the sui generis tax is payable directly by the trustee out of the trust's funds when filing the trustee's annual return (which is due by 15 June each year).

If IFI is due but not reported or paid properly, it becomes up to the trustee to report and pay the sui generis tax, irrespective of which law governs the trust or where the trustee is situated.

Example 2

A trust subject to Jersey law was set up years ago by a UK national, resident and domiciled, who passed away in 2010. The trustee is a Jersey based company. The trust has two beneficiaries (the children of the original settlor): one qualifies as a French tax resident, the other is a UK tax resident. The trust holds a UK property but no French property. Based on French law, the French tax resident beneficiary will need to report 50% of the value of the UK property in their French WT return and pay the corresponding tax out of their own money unless the beneficiary can show there is no realistic possibility of ever receiving distributions or using the trust's assets. If the French beneficiary does not comply, the trustee (which needs to file a trustee's return each year anyway if there are any French beneficiaries, a French settlor or the trustee is a French

[3] Conseil constitutionnel n° 2017-679 QPC 15 December 2017

resident trustee or holds French real estate) will need to pay the sui generis tax on 50% of the UK property out of the trust's assets.

If the trustees definitively exclude the French beneficiary they have no liability to pay French wealth tax if there are no French assets and would not need to report if not themselves French resident.

Usufructs: generally speaking, the person with the bare interest in the land holding subject to the usufructuary right of occupation is not liable to WT. The person holding the usufruct pays the WT on 100% of the full market value of the asset

Private Foundations are treated as trusts from a French tax perspective.

4. Territoriality

Under French domestic law, when an individual qualifies as a French tax resident as at 1 January of a given year, his taxable base includes all his taxable assets (as defined above) located in France and outside France, with a total net value of more than 1.3 million euros. There are however exemptions as follows:

- Certain tax treaties concluded by France may provide for a derogation from the general rule of taxation on all French and foreign property in favour of individuals who are nationals of the other State party to the treaty and who become residents of France. This derogation is, however, not applicable to persons of French nationality.

- Moreover, individuals, whatever their nationality, who have not been fiscally domiciled in France during the five calendar years preceding the calendar year in which they establish their fiscal domicile in France are taxable only on their property and real estate rights situated in France and on shares of companies or entities, situated in France or outside France, up to the fraction of their representative value of property and real estate rights situated in France, until 31 December of the fifth year following the year in which they transfer their fiscal domicile in France.

For individuals who qualify as non-French tax residents under French domestic law or who are non-resident under the provisions of a double tax treaty, the taxable base is limited to the real estate assets located in France and shares of companies or entities, situated in France or outside France, up to the fraction of their representative value of property and real estate rights situated in France. The same exemptions for certain types of assets apply to non-French tax residents as to French tax residents.

Generally speaking, tax residence is defined under the IFI as for income tax purposes, subject to the application of double tax treaties. Under French domestic law, an individual qualifies as a French tax resident if one of the following criteria is met:

- the individual has his home in France (the “home” being defined as where the household lives i.e., where the children attend school when there are minor children);

- the individual has his main place of residence in France;

- the individual carries out a professional activity in France, whether employed or not, unless he can prove that this activity is carried out on an ancillary basis;

- the individual has the centre of his economic interests in France.

The IFI is a national tax, there is no variation depending on the French region where the taxpayer lives.

Upon emigration and loss of French tax residence, there is no exit wealth tax levied on departure. If the taxpayer no longer qualifies as a French tax resident as at 1 January of a given year, he becomes solely taxable on his French located real estate as a non-French tax resident. (Capital gains tax is different.)

Certain double tax treaties signed by France contain specific provisions applicable to the IFI. In particular, the double tax treaties in force between France and Gulf countries provides for incentive schemes for individuals residing in Gulf countries whereby they can benefit from an IFI exemption provided that they invest in EU securities for a value at least equal to the value of their taxable basis for IFI. For example, If a Saudi tax resident holds a 5 million euro property in Paris, he would need to invest at least 5 million euros in EU shares or in a deposit with an EU bank for at least six months during the preceding year. He would need to file a WT return and claim the double tax treaty (DTT) WT exemption. The EU shares or the deposit with an EU bank would need to be held directly (on a bank account in his personal name). EU shares can be held in a bank account situated anywhere (including outside of the EU).

5. Valuation issues

The taxable assets are valued each year at their market value by the taxpayer. There is no formulaic valuing system based on other registers such as council tax etc. It is a yearly self-assessment with filing required when the taxable threshold is reached. The filing is made either directly on the income tax return or on a separate form including detailed list of the taxable assets depending on the net taxable value of the household.

When the chargeable assets include shares of a property company, the taxpayer can obtain the necessary information about property valuation from the company. The same rule applies to insurance companies for life-insurance or capitalisation contracts and for trustees of trusts holding chargeable assets: they have to provide the relevant information about the taxable value to the taxpayer upon their request.

There is an online official database providing for sale prices, square metres and dates of sale of properties located in France, which can be useful for middle market properties located in big cities.

Rebates can apply to minority shares, rented properties, illiquidity of the assets etc. There are official guidelines issued by the French tax authorities for the valuation of companies but they remain very blurry with respect to the exact percentage of rebates applicable depending on each situation. The only official rebate provided by law is a 30% discount on the main residence of the taxpayer. Generally speaking, the French tax authorities easily accept a 15% discount on the market value when the shareholding is fragmented. The taxpayer can try to increase the percentage of discount based on a particular situation. This is always challengeable.

The values can always be challenged by the French tax authorities and in practice this is one of the main litigation points around the IFI. Of course, the valuation of real estate assets located outside of France is very difficult to challenge in practice. In practice for very high value properties, people tend to have a new valuation at least every 2-3 years. But there are many taxpayers who never obtain any professional valuations. Accountants and tax lawyers use official indexes published each year about the real estate market per region / city and in Paris even per district.

6. Debt

The rules governing the deductibility of debts are quite complex:

- Debts (capital and interests) are deductible provided that:
    - They exist on 1 January of the tax year
    - They have been contracted by one of the persons who are members of the tax household
    - They are actually borne by the latter
    - They relate to the taxable assets (i.e. real estate assets only)
    - They are limited in terms of loan to value where the total taxable value exceeds 5 million euros. When the total taxable value exceeds 5 million euros and the debts exceed 60% of the taxable value, above this threshold (60% of the taxable value), only 50% of the balance of the loan is deductible. For example, taxable wealth = 6 million euros with a mortgage of 5.5 million euros. The threshold is 60% of 6 million euros = 3.6 million euros. The difference between 5.5 million euros and 3.6 million euros (1.9 million euros) is deductible only for 50%. The total deductible amount is 3.6 million euros + 0.95 million euros = 4.55 million euros.

  When the conditions are met, the debts are deductible in proportion to the fraction of the taxable value of the assets to which they relate.

- The law provides that debts corresponding to loans providing for the repayment of the entire capital at the end of the contract (in fine loans) contracted for the purchase of a taxable asset are subject to a digressive deduction over the duration of the contract. In other words, the deductible amount of an *in fine* interest-only / bullet loan of ten years is decreased by one tenth each year.

Example 3

A taxpayer purchases a 2 million euro property with a 2 million euro loan. The duration of the loan is ten years. During that period, the taxpayer only pays the interest. The capital is reimbursed at the end of the ten years. Despite the structure of the loan, for the computation of the WT base, the taxpayer will need to 'depreciate' the loan by one tenth per year so that:

- First year after the purchase, he deducts 2 million euros
- Second year after the purchase, he deducts 0.9 x 2 million = 1.8 million euros
- Third year after the purchase, he deducts 0.8 x 2 million euros = 1.6 million euros.

Non-term loan agreements are treated as loan agreements with a 20 year term and straight-line repayment. So on a repayable on demand agreement with no term deadline, you would depreciate the loan by one twentieth per year. If it is a loan repayable on demand with a maximum deadline after five years, the term is five years and it needs to be depreciated by one fifth per year.

Generally speaking connected party loans are not deductible, e.g. when contracted by the debtor or one of the members of his household, directly or indirectly, from themselves, from members of their family circle or from a company which they control (subject to particular cases).

For the valuation of shares, debts contracted by the company are also subject to specific rules of deductibility: anti-abuse provisions target debts contracted, directly or indirectly, by the company with the taxpayer (shareholder's loan) or the persons in his tax household or family circle.

Debt is deductible only if it was granted for the purchase of the property or for renovation works. So if the taxpayer already paid for a property out of his own money and then takes out a mortgage to use the cash for something else, the debt is not deductible for WT (even if it is secured by a French property). However, nothing prevents a non-resident taxpayer taking out a bank loan to reduce his IFI liability even if he has the cash to purchase it outright except the principle of abuse of law. If the taxpayer can easily demonstrate that the interest rate of the bank loan is lower than the earnings on his own funds or he needs the cash for other purposes, there is no abuse of law.

7. Liquidity concerns

For French tax residents, there is a capping mechanism by which the IFI is reduced by the difference between:

- On the one hand, the total of the IFI and other taxes due in France and abroad in respect of the income and gains of the previous year;
- On the other hand, 75% of the total worldwide income net of business expenses for the previous year, included income exempt from income tax.

Example 4

Income and gains of year 1: 250,000 euros in capital gains; income and capital gain tax =75,000 euros taxable wealth of 15 million euros; corresponding IFI = 170,000 euros but reduced to 112, 500 euros thanks to the capping mechanism.

In order to prevent certain abuses, income distributed to a company liable to corporate income tax controlled by the taxpayer may, under certain conditions, be taken into account in the second term of this difference.

There is no similar capping mechanism for non-French tax residents.

8. Relationship with other taxes

There is an annual property tax on real estate assets called '*Taxe Foncière*'. The taxable event is 1 January of each year. But the taxable base and the rates applicable have nothing to do with the IFI. The taxable basis corresponds to a cadastral rental value directly computed by the French tax authorities. There is no self-appraisal and the taxpayer directly receives the tax bill.

By contrast, taxes applicable to (gratuitous or non-gratuitous) transfers of real estate assets have a similar taxable base as for the IFI, subject to the specific rules governing the deductibility of debts which are very specific to the IFI.

As a consequence, a transfer by death or a sale of a property can easily trigger a tax audit for the IFI if the 'market value' reported in the estate tax return or the sale price differs from the taxable base used for the computation of the IFI.

TABLE 1: SUMMARY OF THE TAX RATES AT STAKE IN THE MAIN CASES (FOR REAL ESTATE):

<table>
<tr><th></th><th colspan="2">Gratuitous Transfer</th><th colspan="2">Sale</th></tr>
<tr><th></th><th>Gift Tax</th><th>Inheritance Tax</th><th>Capital gain tax payable by the seller</th><th>Stamp duties payable by the purchaser</th></tr>
<tr><td>Between spouses</td><td>progressive rates up to 45%</td><td>spousal exemption (applicable between civil partners)</td><td rowspan="3">exemption for the sale of the main residence

19% tax + 17.2% social taxes after base allowances depending on the duration of holding (fulle exemption after 30 years)</td><td rowspan="3">circa 7% of the sale price</td></tr>
<tr><td>To children</td><td colspan="2">progressive rates up to 45% after a 100K EUR allowance per child per parent (renewable every 15 years)</td></tr>
<tr><td>To 1/3rd parties</td><td colspan="2">60%</td></tr>
</table>

The IFI is deductible from the taxable base for inheritance tax if it is due but not yet paid by the time of the death (e.g. when the death occurs between 1 January and the date of payment of the IFI). There is no incentive to delay payment of wealth tax as once paid WT (now IFI) decreases the value of the estate chargeable to IHT anyway.

Gifts to certain charities are deductible from the IFI up to 75% of their value.

Several measures aim at providing information to the French tax authorities about the identity of the ultimate beneficial owners behind complex structures, in particular:

- Any company or entity holding (directly or indirectly) a French located real estate asset not assigned to the industrial, commercial, craft, agricultural or liberal activity is liable for an annual tax equal to 3% of the gross market value of such real estate asset, unless it files a specific return revealing the identity of its shareholders (or members for a trust) or commits to reveal such information upon request to the French tax authorities; and

- Trustees of trust holding French real estate assets are requested to file annual returns revealing the identity of the settlor and beneficiaries. They may even have to directly pay the 'sui generis' (the rate of which is the marginal rate of the IFI, currently 1.5%), based on the taxable assets held in trust if the settlor or beneficiary(ies) deemed settlor(s) do not comply with their reporting and payment obligations of the IFI. Trusts receive no exempt threshold. Trustees of trusts holding only non-French property may still have to file a return if there are French resident beneficiaries. See examples 1 and 2 above.

9. Planning, avoidance and enforcement

For existing ownerships of taxable assets:

- To our knowledge, few individuals have actually sold their real estate assets with the goal of reducing their exposure to the IFI.

- Some of them have implemented gifts to their adult children in order to split the taxable base among several tax households within the family.

New acquisitions of taxable assets often involve:

- The use of long term bank loans in order to decrease the taxable base and/or

- A split of ownership between parents and adult children (since children over 18 form their separate household for the computation of the taxable threshold).

In any case, the capping mechanism '*plafonnement*' can be used as a strategy to lower the IFI by individuals who can 'monitor' their income. As already explained, in order to prevent certain abuses, income distributed to a company liable to corporate income tax controlled by the taxpayer may, under certain conditions, be taken into account when computing the capping mechanism.

There are also anti-abuse provisions targeting loans (non-term loans or loans contracted from members of the taxpayer family circle or from a company which they control).

Most of the disputes arise about the valuation of the taxable assets and end up with transactions on a case by case basis with the French tax authorities.

10. Other

The IFI is calculated according to the following progressive scale:

Fraction of the net taxable value of real estate assets	Applicable rate (in %)
Not exceeding 800,000 euros	0
More than 800,000 euros and less than or equal to 1. 3 million euros	0.50
More than 1.3 million euros and less than or equal to €2.57 million euros	0.70
More than 2.57 million euros €2,570,000 and less than or equal to 5 million euros	1
More than 5 million euros and less than or equal to 10 million euros	1.25
Over 10 million euros	1.50

Such rates are not related to the income tax rates or exposure of the taxpayer.

Examples of IFI

i. Individual owns two houses

Hypothesis of total net taxable base	Corresponding IFI for 2020
500 000 €	0 €
1 000 000 €	0 €
2 000 000 €	7 438 €
10 000 000 €	96 963 €
20 000 000 €	244 467 €

ii. As above but the individual is married and assets split between the two of them: same result

iii. Individual owns private trading company shares: such assets are not taxable provided that there is no underlying real estate asset held by the trading company but not used for its business activity. While property development activity is a commercial activity that can qualify for exemption from IFI, property letting is not.

iv. As in iii above but company is an investment company (let's assume that 50% of the assets of the company are financial investment and 50% are rented real estate assets):

Market value of the investment company	Percentage of taxable assets held through the company	Taxable base for IFI	Corresponding IFI for 2020
500 000 €	50%	250 000 €	0 €
1 000 000 €	50%	500 000 €	0 €
2 000 000 €	50%	1 000 000 €	0 €
10 000 000 €	50%	5 000 000 €	35 333 €
20 000 000 €	50%	10 000 000 €	96 963 €

v. As in iiii above but the assets are quoted shares and securities owned by the individual directly:

- Out of scope if the company is a trading company;
- Exemption if the listed company is a real estate listed company provided that the taxpayer holds, directly and, where applicable, indirectly, alone or jointly with the persons in the tax household, less than 5% of the company's capital and voting rights.

11. Assessment, returns and collection

The IFI form is now part of the income tax returns and process. When the IFI form is due, the taxpayer ticks a box on his income tax return and files a separate form for IFI. The tax is charged by reference to the position as at 1 January. It is declared between May and June and is payable upon receipt of the tax bill between 15 September and 15 November. The threshold for reporting WT is 1.3 million euros. When the threshold is reached, WT starts to become due as from 800,000 euros. If the taxable threshold is not reached, there is no obligation to file. However, in certain cases, filing is due despite no tax being due. For example, when a Middle Eastern taxpayer requests a DTT exemption based on EU financial investment matching the value of his French properties.

On the return the taxpayer must provide a list of the taxable assets and deductible debts. Figures which are submitted must be definitive not provisional and can be challenged although it is possible to amend online until the tax bill is issued and then between early-August and mid-December without penalty.

Payment takes place upon receipt of the tax bill (as from 15 September). You cannot elect to defer payment. Late payment automatically triggers a late payment penalty of 10% + 0.2% interest. The French Revenue generally cross checks the values with the values reported by notaries in estate tax returns and sales or gifts transactions.