French Tax Law: Local Taxes



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WARNING



This document focuses on presenting the general rules of the French tax regime. Therefore, many of these processes can be subject to exceptions or special dispositions.

1 Residence and property taxes

Local taxes are collected by the central government on behalf of local authorities (regions, départements, municipalities) and government-funded intermunicipal cooperation institutions (EPCIs), and those taxes finance the budget of these local authorities.

Local taxes are mainly assessed on a property's notional rental value calculated depending on the category of premises.

Business premises or industrial premises with a value of fixtures under 500,000

Based mainly on a rate-based method, according to the nature and purpose of premises and applying a rate in euros per square metre.

Residential premises

The annual rent that could be generated by a property

Industrial premises for activities requiring significant material and installation over 500,000

"accounting" method : applying interest rates to the carrying value of land and constructions

Property tax on developed land	Property tax on undeveloped land
For whom	
Levied annually on developed land situated in France: Permanent constructions perpetually attached to the ground	Levied annually on owners of any undeveloped land of any nature situated in France.
Tax base	
50% of the notional rental value regularly updated by the authorities.	80% of the notional rental value of the property resulting from valuations regularly updated by the authorities.
Tax	
Tax base ⊗ **Rate voted by the beneficiary municipality or government-funded intermunicipal cooperation institution**	
Situation	
The tax is payable by any person who, on 1 January of the year of taxation, has taxable premises at their disposal and is calculated based on the notional rental value on 1 January	

Residence tax

Residence tax on primary residences has been eliminated since January 1st 2023 but remains for secondary residences.

Payable for:

Furnished residential premises used as a secondary residence; furnished premises used for their intended purpose and occupied privately by companies, organisations and private bodies, and which are not used to assess the business premises contribution

Tax base and rate:

Tax base : Assessed on the notional rental value of residential premises

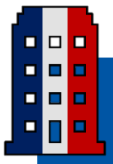
The rate is voted by the beneficiary municipality or government-funded intermunicipal cooperation institution each year

Situation

Residence tax on secondary residence depends on your situation on January 1st



Business property tax



Entities carrying on a regular non-salaried business activity with a turnover or revenue of more than €5,000 in France are liable to the **Business property tax** every year.

Business property tax: assessed in each municipality where the taxpayer has premises or land.
Payable for the entire year by a taxpayer carrying on a taxable and non-exempt activity on 1 January

Tax base : rental value solely for property used for business purpose liable to property tax in France
The **tax base** is subject to general or optional reductions and allowances.



Tax:

Base



Reductions



Rate set by municipality or their government-funded intermunicipal cooperation institutions



Corporate value added contribution (CVAE)

The **Corporate Value Added Contribution** will be eliminated in 2030.

All businesses in France with a turnover > €152,500

Person carrying a non salaried activity in France with a turnover > €500,000

Must file a return for the corporate value added contribution

Liable to the corporate value added contribution

The amount of the corporate value added contribution represents a fraction of the value added generated by the business during the reference period for taxation.
However, the rate of the corporate value added contribution is progressive according to turnover. Value added calculated may not exceed a set ceiling according to turnover related to taxable business activity.

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