

ADVICE ON REAL ESTATE INCOME IN FRANCE by :



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*If you're looking for expert advice on real estate income in France, here's the latest from Perpignan-based Expert comptables (accountants), **Flore SAUSSINE** and **Patrice PERRIN**.*

<https://annuaire.experts-comptables.org/expert-comptable/12963-flore-saussine-cabestany-66330>

https://annuaire.cnc.ccc.fr/fiches/4100088706?query_path=%2Fsearch%3Ftype%3D%26nom%3Dsaussine%26crcc%3D%26cp%3D%26sort%3D%26sort_desc%3D

1- Furnished lettings “Loueur en meublé non-professionnel” (LMNP)

Typically this applies to fully-furnished seasonal/holiday lets that are rented to holidaymakers.

2 schemes exist as per the revenus fonciers bellow.

1-1 : Micro-BIC furnished lettings

Only the gross rent has to be reported on the tax return. A flat allowance of 30% is granted for the expenses to calculate the net taxable income. Thus this scheme can not generate deficit, like the micro-foncier scheme described above.

Since the new Finance Act 2024, the maximum yearly rent is limited to 15 000 € (188 700 € if the house rented is classified as Chambre d'Hôtes, Meublé de Tourisme) and the allowance is raised to 71 % as opposed to 30 %).

According to the 2024 French Finance Act, if your home is listed and is located outside a high-tension area (list of high-tension areas : <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000047998521>) and your turnover does not exceed €15,000, an additional allowance of 21% applies. This increases the rate of reduction from 71% to 92%.

1-2 : Real Fiscal Scheme for Furnished lettings LMNP/LMP

This scheme, requires **the preparation of accounts to French accountancy standards and additional tax forms by Mrs SAUSSINE and her efficient and friendly team**. It also requires registration as a “Loueur en meublé non-professionnel” at the tax office (this is also true for the LMNP within the Micro-BIC scheme).

It enables the tax payer to claim all expenses directly linked to the activity including depreciation costs of the building and usually leads to a deficit that can be set against the LMNP income of the following years.

This scheme can also be used by non-residents who own a house in France and rent it out when they are not using it, providing that they deduct a part of the expenses (including depreciation costs of the building) pertaining to their share of occupation of the house.

Apart from the income tax, these LMNP incomes are also subject to the “prélèvements sociaux” mentioned above. Note also that, as an indirect consequence of the EUCJ De Ruyter ruling in 2015, the law has extended the “prélèvements sociaux” from the income generated in 2015 to the “LMNP” of the non-resident.

Following a new court case against the “prélèvement sociaux” won by non-residents, the “Loi de Financement de la Sécurité sociale pour 2019” has reduced these “prélèvements sociaux” for non-residents to a flat rate of 7.5 % instead of 17.2 % as **from 2018** income.

1-3 : Application of social contributions since 2017 to LMNP (régime micro and régime réel)

Due to the excesses associated with the use of **collaborative platforms of type Airbnb**, the criteria for affiliation to the URSSAF of renters in furnished lettings changed.

The « **Loi de Financement de la Sécurité Sociale pour 2017** » enacted rules whereby «Any person engaged in the business of renting furnished premises, the receipts of which exceed 23,000€ when these premises are rented to a clientele on a daily, weekly or monthly basis, must be affiliated to the URSSAF.»

The tax qualification of LMNP or LMP for these types of income is no longer relevant in terms of URSSAF affiliation obligations. Solely the level of the income (23,000 €/year) is taken into consideration.

For non-residents working in European Union countries and the United Kingdom, provided you obtain the A1 form in your country proving that you contribute in that country, even if you exceed the €23,000 threshold, you will not be obliged to contribute to URSSAF.

NEWS 2024: pay attention! If your furnished tourist accommodation:

- ✚ generates revenue > €15,000/year,
- ✚ Is unclassified
- ✚ or is classified in a tense zone <https://www.service-public.fr/simulateur/calcul/zones-tendues>
the real fiscal scheme applies.
- ✚ Your accountant can therefore help you by intervening at this level by fulfilling the legal tax obligations: production of detailed annual accounts and transmission of the linked tax package required by the tax administration.

2 – Unfurnished lettings “Revenus fonciers”

2-1 : Régime réel foncier

It applies to flats that have minimal furniture and that are rented to long-term tenants (ie the tenant needs to bring their own furniture to be able to live on the premises).

Miscellaneous expenses such as insurance, land tax (taxe foncière), real estate agency and accounting fees, maintenance works (plumbing, electricity...), mortgage interests...can be set against the gross rent to calculate the taxable income.

If there are deficits incurred by maintenance works and interest on mortgage..., they can :

- a) Be set against the other taxable income for a maximum amount of 10,700 € (but not the part incurred by mortgage interest),
- b) Be carried forward for ten years to be set against the same type of income (real estate income).

2-2 : Micro-foncier

An optional scheme of micro-foncier also exists for rent totaling less than 15,000 € a year. Within this scheme, a flat allowance of 30% is applied to the gross rent in order to set the taxable income.

Apart from the income tax, real estate income is also subject to “prélèvements sociaux” (ie social contributions) (since 2012, now also apply to non-residents). In 2018, the rate of these contributions was 17.2 %. For residents with form S1 and non-residents from the EU, the UK and Switzerland, the rate of social contributions is 7.5%.

For further informations or any other financial questions, contact :

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