

REAL ESTATE

## Who will benefit from France's wealth tax reform?

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*The Paris region could see a jump in real estate from expats in 2018. Image credit: Atout France.*

By BRIELLE JAEKEL

Non-citizens in France will remain unaffected by a proposed tax reform after changes have been made, likely resulting in positive sales statistics for Parisian real estate.

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French President Emmanuel Macron has amended his reform on France's wealth tax, resulting in only French citizens being taxed. This will likely cause more expatriates and other non-French citizens to flock to France for greater tax breaks.

"The implementation of these new tax changes on 1st January 2018 is certainly welcomed by expatriates with property and assets in France," said Fleur Buckley, property services manager at [FrenchEntree](#). "It will bring a renewed surge of interest from buyers and investors alike into some of the prime real estate markets in France including Paris, the Alps and of course Provence-Cote d'Azur."

### French tax reform

In October, President Macron proposed a tax on hard luxury goods for the upcoming budgetary year.

The President lawmakers from his political party proposed an amendment to France's 2018 budget that will apply a tax to the purchase of yachts, supercars and precious metals such as gold, starting in January. Left-wing opponents of President Macron have accused him of being a "president of the rich," but this recent tax proposal begs to differ, as the wealthy would have to pay higher prices for hard luxury goods ([see more](#)).

However, prior to the tax reform going into place, President Macron has made updates that will relax the tax on out-of-country property owners.



*Penthouse terrace at Four Seasons Hotel George V, Paris*

The Impôt de Solidarité sur la Fortune (ISF), or wealth tax, previously saw a 1.5 percent on the assets and real estate of high-net-worth individuals with 1.3 million, or \$1.5 million at current exchange. While the rates and standards will remain the same, the tax will only apply to French residents.

This reform, going into effect Jan. 1 2018, will support the growth of real estate in Paris and other areas in France as investors, real estate agents and residents will seek more properties in the region.

French real estate publication and platform FrenchEntree believes that this will help balance the market in Paris, with investors interested in creating more properties.

Mixed with the upcoming spring season, when there is an increase in new buyers, France is on track to see a lucrative year for luxury real estate.

There are still many critics that believe the bill favors the wealthy.

But real estate brands in France are hoping to see a surge in business after the new tax bill takes place.

#### U.S. tax reforms

France is not the only country with tax reforms that are seeing backlash with claims that say it benefits the wealthy.

The real estate and retail industries are poised for an interesting future thanks to the current White House Administration's new Tax Reform plan, but more than just the top-tier luxury sector will benefit.

Ultra high-net worth individuals are poised to reap an annual tens-of-millions of dollars from the proposed decrease in tax percentage rate, which will likely spur investments in real estate. However, it will be the real estate companies themselves that will see greater benefits, thanks to the possible "pass-through" tax reduction ([see more](#)).

"This comes at a time when agents are particularly proactive at bringing new properties to market in the anticipation of gearing up for Spring interest from new buyers," Ms. Buckley said.