MOVING TO FRANCE

When considering your move to France, it is important to consider the financial implications and plan in advance the necessary actions that you should take.

Once you have a confirmed date to move to France you should notify:

- your local mairie of your date of residency
- your local centre de Finances Publique
- your energy and communications suppliers and confirm you are on the most appropriate tariff
- your household insurance to inform them you are now full time resident
- HMRC
- ensure you have appropriate medical cover (the type will depend on whether you are working in France or full time retired)
- The first January after becoming resident, register at the local tax office (Gueret for the Creuse)

You should be aware that, as a French resident, your liability to taxes is in France and not the UK, and that the UK and French tax authorities are becoming increasingly co-operative and conversant with each other as they meet their obligations regarding money laundering and tax evasion. It is prudent therefore to ensure that all accounts and income (UK and French) are declared during your annual tax return to avoid any potential penalties for non declaration.

Double Taxation Treaty:
Use HMRC form S12009 Number226 (France/Individual) to apply for relief at source from UK income tax and to claim repayment of UK income tax under the terms of the UK/France Double Taxation convention. This form applies to residents of France receiving pensions, purchased annuities, interest or royalties arising in the UK. The form is in English with a copy in French. You need to complete both copies.

Pensions:
With the recent changes in UK Pensions legislation, it is important to prepare a full pension transfer analysis before making any decision regarding a QROPS (Qualifying Recognised Overseas Pension Scheme). This analysis will compare the benefits and disadvantages of transferring to a QROPS or leaving the funds invested in the UK within a qualifying scheme.

Please be aware that for a French resident, any cash withdrawn from a UK pension scheme, (including the 25% UK tax free pension commencement lump sum) is treated as income and is potentially subject to French taxation.

UK State pensions may be paid directly to your account in France.

Investments:
Regarding any investment portfolio, UK based investments for French residents may not be tax efficient and may cause problems for succession (inheritance) planning. You should therefore consider how best to incorporate your assets into French compliant products to take advantage of the financial benefits and tax advantages these products can offer.

Cash ISAs, Term and Bank Deposit:
The interest on these investments would be liable to income tax and social contributions. As they do not have any tax or inheritance advantages, it is logical that they should be reinvested in French compliant life assurance investments, as and when they are accessible.

Shares:
Do not provide any tax or inheritance advantages and so these should be sold (ideally before you become a French Resident) and the proceeds should be reinvested into French compliant life assurance investments. Please note that, dependant on the asset, it may be possible to transfer to a French compliant product on a 'en specie' basis.

Property:
With the implementation of 'Brussels IV' in August this year, it should now be possible to bequeath your properties to whomsoever you choose, outside of the strict succession rules imposed by the Napoleonic code. However, any liabilities to inheritance tax are still calculated using the French rules and payable in France. These liabilities are against your world-wide assets and are payable by the beneficiary and not the estate. Furthermore, there are minimal tax free inheritance allowances for some categories of beneficiary with the tax rate being levied on the remainder of the bequest at up to 60%. It will be prudent therefore to effect plans to mitigate these liabilities where practical.

Trusts:
You should be aware that trusts are not recognised by the French legal system. If you are a trustee (eg. for a grandchild's trust) you may have a personal tax liability on any gain when the monies are paid (in full or part) to the beneficiaries.

If you would like any further information on this topic or have any other financial query, please feel free to contact:
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