

YOUR FRENCH MATTERS

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Hello,

Happy new year to you all , we find ourselves at this time of year once again embarking on a new French tax period for the year 2021 based on income received in 2020.

Anyone who has been living in France for a while knows how frequently tax rules can change and how implementation and application of the tax rules can vary from tax office to tax office, especially concerning foreign income.

As every year, the French Tax Authorities need to have details of all your **WORLDWIDE** income from 01/01/2020 – 31/12/2020. If you became resident during the year it is from the date you came permanently to live in France to 31/12/2020.

This information needs to be given to your relevant tax office by mid May 2021 (depending on whether paper or internet declarations are completed and your postal area), the actual dates are detailed below.

In order to keep matters as simple as possible, I attach the following separate pages of information and spreadsheets of your details that are required.

The easiest way to declare in light of the ever present covid 19 pandemic is online via your own personal account with impots.gouv.fr so I have asked for the details as per last year . If your first french tax return then this is not possible and the return has to be completed in paper format and posted to your local tax office.

You are welcome to complete the spreadsheets or if you prefer, to send me your information in handwritten format. I would request that the information is supplied as early as possible, to avoid the "end of submission date," rush.

Please do not hesitate to contact me with any queries by email or phone which I will respond to and endeavour to answer within 48 working hours.

Kind regards,

Laura Morley

PAGES ATTACHED:

- IF YOU HAVE PREVIOUSLY COMPLETED A TAX DECLARATION IN FRANCE.
- FIRST DECLARATION IN FRANCE.
- NEW RULES APPLICABLE FROM 2021 (RELATING TO 2020 RETURN) & REMINDERS.
- DETAILS OF INFORMATION REQUIRED and TAX & EXCHANGE RATES.
- MANDATE
- YOUR SPECIFIC INFORMATION. On Separate Spreadsheet.
- Page 1 - Personal Details.
- Page 2 - Income Received Details. Page 3 - Tax Credit Details. Page 4 - Foreign Bank Accounts.

IMPORTANT - RESIDENCY APPLICATION

Anyone individual living permanently in France **MUST** complete their online application for residency by 30/06/2021 using the following website:

<http://invite.contacts-demarches.interieur.gouv.fr/>

IF YOU HAVE PREVIOUSLY COMPLETED A TAX DECLARATION IN FRANCE.

If you have completed previous declarations in France, you should receive partially completed forms from your local tax office around the end of March, early April **OR if you have registered on the government website impots.gouv.fr, these will be automatically available to you online and you may not receive forms through the post.**

Whether online or paper format, these will have your personal details and any French income they are aware of (French salaries, French bank interest etc.) already noted on the forms. The forms you may receive are:

BLUE FORMS

- 2042 - The main form where all of your global, worldwide sourced income received is detailed (pensions, salaries, bank interest etc.)
- 2042C - Complementary form detailing professional business income
- 2044 - Revenue from annual rental property Foreign and French

RED FORM

- 2047 - Details of foreign income received

If I have already completed previous declarations on your behalf, then I should have your main certificates but please send new copies if your status has changed (i.e. marital) or your passport has been renewed.

FIRST DECLARATION IN FRANCE:

If you have started a new life in France in 2020, then you must complete a personal French tax return from the date you moved, up to 31.12.2020.

The tax return is completed as a household and you will **not** receive reminders from your Tax Office if it is your first return - it is up to you to submit a return and collect the relevant forms as necessary.

If you would like me to complete a return on your behalf, I have the forms via the tax office on my professional software so there is no need to collect them.

A first declaration cannot be submitted on line - only by post, by mid May. After submission you will be issued with a French Tax number (numéro fiscal), around mid August.

If this is your first declaration in France, in addition to your financial information, I would be grateful if you could also send me the following documentation **in addition** to the required base information:

- Copy of your birth and marriage certificates or passports
- Copy of your S1/E121 form *if you have one* showing continued health cover from the UK – **you will have this is you are in receipt of a full UK state pension.**
- Copy of your health cover certificate (attestation des droits ouvert) from the French social administrations (CPAM) and your top up insurer *if you have one.*

I will also need details of all foreign bank accounts savings or credit card accounts, Isa's & 'Assurance vie' (life insurance policy contracts) that you have outside of France. These need to be declared to the French authorities or you could be subject to hefty penalty fines if accounts are discovered not declared. The information that is needed is detailed further on.

NEW RULES APPLICABLE FROM 2021 (RELATING TO 2020 RETURN) & REMINDERS.

Year 2021 for taxpayers means individuals who will declare income on which they have most likely already paid advance payments of tax throughout the year. These payments are debited from your nominated account on the 15th of every month and will be deducted from any tax to pay upon completion of this year's return.

As every year, we will have to plunge our noses back into mountains of paperwork, try our best not to make a mistake, or declare incomes incorrectly, which can be all too easy to do, with the inconsistencies of the French tax office or to get your declaration in late and risk paying late penalties. 2020 brings a lot of new tax issues with it, amongst other things, having to complete a tax return on which taxpayers have already been taxed and await the adjustments deducting what has already been paid and taxed.

Alongside this there are still many questions thrown into the mix daily regarding Brexit, taxation, residency and applications for residency cards- I can help with any issues you have but will not delve into anything regarding this presently as we have enough to do.

Income tax bands

The rate of the first band is now set at 11% and not 14% so the income tax bands are set to be as follows:

2021 TAX RATES: For your information, here are the 2021 tax brackets for a single person, known as 1 part (double it for a married couple) :

Part of income € per part (per person)	TAX Imposition
Jusqu'à 10 084 euros	0 %
de 10 084 à 25 710 euros	11 %
De 25 710 à 73 516 euros	30 %
De 73 516 à 158 122 euros	41 %
Supérieur à 158 122 euros	45 %

Don't forget this is based on a sliding scale system so each portion of your income is taxed at the respective rate – for example if you have a net household income of 80 000 euros – the total amount **will not** be taxed at 41% but only the portion that surpasses 73 516 euros .

TAX ON INVESTMENT INCOME

Following on from the changes brought about in 2018, there is an option on investment income to either opt for the 'flat rate tax' or 'prélèvement forfaitaire unique' which applies to dividends, interest and gains on the sale of shares and securities and is set at a flat rate of 30% (income tax and social charges combined) If you prefer and have a lower household income, you can opt to use the sliding scale rates of income if this is more beneficial.

SOCIAL CHARGES

Social charges are payable in addition to income tax and help to alleviate the social debt of the country. These are calculated on each individual income and still currently if you hold an S1 then pension incomes are exempt from social contributions.

PENSION ALLOWANCE

This has been capped at a maximum of €3 858 per person or 10% with a minimum of 394 €.

SALARY ALLOWANCE

The maximum 10% reduction on salaried income is €12 652 with a minimum of 442 €.

DEPENDENTS

If you have a dependent over the age of 75 living under your roof then you can benefit from an allowance of 3 542 euros to help pay towards their care costs of living with you.

AGE & DISABILITY

If you are over 65 or registered disabled then the reduction has increased to 2 446 € if your total income is less than 15 340 € and to 1 224 € with a household income of between 15 340 € and 24 690 €

TV LICENCE

This will remain unchanged at 138 euros for the 2021 tax return

Don't forget if you do not have a TV to let me know so I can tick the relevant box and you are not then charged the 138 euros TV licensing fee.

DETAILS OF INFORMATION REQUIRED and TAX & EXCHANGE RATES.

MANDATE: In preparation for the current annual French Income tax return 2021 (revenue for 2020) could you complete and return the requested information and attached mandate if you require my services this year.

TIMESCALE: If you could please send me this information by early - mid April at the latest along with the forms you will receive from the tax office or your tax codes to access the internet which is

- N° FISCAL - This is shown on the blue pre-completed form.
- REVENU FISCAL DE REFERANCE on the avis d'imposition from last year – if you send me all pages I can find it from there
- N° de DECLARANT en ligne – again on the blue form

COPIES ONLY PLEASE: Not the original documents

REVIEW & COST: Upon receipt and review of the information you have sent regarding your income details for 2020, I will send you a quotation for the cost of completing this years French Tax return.

PAYMENT: If you accept , I shall invoice you upon completion with an amount in STERLING & EUROS along with my bank account details for your choice of currency. If you cannot carry out a bank transfer then a euro (French) cheque would be acceptable .

YOUR COPY: This year I will also be issuing your copy of the declaration in pdf form via your email account for those who have an email address.

DECLARATIONS ONLINE OR POST: Where possible I will declare online as the tax office prefer declarations to be completed via the Internet. This is not possible for a first tax return. **However, if you would prefer to receive your return to review before it is sent to the tax office then please state this and I will send the copy to you for review and then you can post it to your local tax office.**

EXCHANGE RATES €/£: **The annual average exchange rate for 2020 is 1,124760 GBP to EUR .** (Please note I am still awaiting confirmation from the Banque de France that this will be the rate for 2020 but this gives a guide). If you have received income at a preferential rate then please indicate this when sending me the details of revenue. **As per previous years, unless you have a preferential rate you can send the sterling figures and I will do the conversion.**

MANDATE

To be signed and returned with the supporting information

I, the undersigned declare that I have completed the information to the best of my knowledge with the inclusion of as much supporting information as possible in order to enable Laura MORLEY, director of Your French Matters (Siren 444 239 826) to complete the (on income received in 2020) tax return and give authorization for her to sign the form on my behalf.

Le client reconnaît avoir reçu, pris connaissance, dûment complété et accepté les présentes conditions générales d'intervention et donne mandat à Laura MORLEY de your French Matters (Siren 444 239 826) de signer les formulaires à ma place si nécessaire..

Date

Signature avec mention
lu et approuve