

# **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 2022 based on income received in 2021.

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 received throughout the year - so this year it is 01/01/2021-31/12/2021.

If you became resident during the year it is from the date you came permanently to live in France to 31/12/2021.

This information needs to be given to your relevant tax office by mid May – the dates vary from area to area and if you declare online then you have a slightly extended period.

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, especially in light of the current Covid 19 pandemic, is online, which I am happy to do on your behalf, so I request your details as per last year. If your first French tax return then on-line submission 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 information sheet attached or if you prefer, to send me your information in another format (excel spreadsheet, handwritten, in an email etc). 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

## 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 or early April ***OR if you have registered on the government website [impots.gouv.fr](https://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   |
| 2042 RIC1 | Declaration for any tax credits to declare for energy saving works   |

### 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 2021, then you must complete a personal French tax return from the date you moved, up to 31.12.2021.

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, and the deadline is the 18<sup>th</sup> May 2022. After submission you will be issued with a French Tax number (numéro fiscal), around mid August which will enable you to complete your return the following year online.**

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 supplementary documentation 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.*
- Copy of your carte de séjour

### FOREIGN BANK ACCOUNTS

I will also need details of all foreign bank accounts savings or credit card accounts, ISA's & 'Assurance vie' (life insurance policy contracts), bit coin, premium bond accounts, PayPal and any other accounts 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 as not declared. The information that is needed is detailed further on.

## NEW RULES APPLICABLE FROM 2022 (RELATING TO 2021 RETURN) & REMINDERS.

Year 2022 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 dive 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. 2022 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 that deduct tax that has already been paid in advance.

**Alongside this there are still many questions thrown into the mix daily regarding Brexit, taxation, driving, residency and applications for residency cards - I can help with any issues you have please just let me know.**

### Income tax bands

The income tax bands are set as follows, with the first band reduced to 11% as opposed to the previous 14%:

**2022 TAX RATES:** For your information, here are the 2022 tax brackets for a single person (known as 1 part). Double it for a married couple) :

Fraction du revenu imposable	Taux
N'excédant pas 10 225 €	0 %
De 10 225 € à 26 070 €	11 %
De 26 070 € à 74 545 €	30 %
De 74 545 € à 160 336 €	41 %
Supérieure à 160 336 €	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 household income of 80 000 euros – the total amount **will not** be taxed at 41% but only the portion that surpasses 74 545 euros .

### TAX BRACKETS

For a couple without children, the tax-free threshold is set at 28,616 euros net. The net taxable income is obtained after deduction and possible reductions. The threshold for non-taxation will be 33,658 euros for a couple with a child, 38,699 euros for a couple with two children, 43,741 euros for a couple with three children.

The tax-free threshold for a single person is set at 15,333 euros. The tax free allowance is 20,375 euros for a single person with a dependent child, 25,416 euros for a single person with 2 dependent children.

### 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, you can opt to use the sliding scale rates of income if this is more beneficial depending upon your household income etc.

### SOCIAL CHARGES

Social charges are payable in addition to income tax. - these are calculated on each individual income. If you currently hold an S1 form, then pension incomes are exempt from social contributions, but incomes other than pension, may be subject to social charges **INCLUDING** now foreign income which is taxed at 7.5% and is now a public tax regardless of whether you have health cover in France or not, it therefore applies to non residents.

### Tax changes when employing someone to help out at home

Anyone that pays using CESU, the 50% credit is now automatically deducted from their employer charges so does not need to be included on the tax form - the benefit is throughout the year upon payment to your employee. ALSO if you have received a tax credit on your 2021 income return last year you would have received a 60% payment in advance in January 2022 – If you do not have a credit to include in this year's return then this payment will be added into your tax return to be paid back to the French tax authorities – it is a very confusing system I am afraid, but I will deal with the

individual calculations from the information you send me

### **What is the tax threshold for the housing tax?**

The tax habitation or housing tax is payable in full for the year by whoever is living in the property at the 1st January each year.

The reform of the housing tax of 2018 allowed a large number of households to no longer be subject to this tax. For 2021, the threshold for non-taxation of housing tax is 27,761 euros for a single person, and 44 212 euros for a couple without children. For a single person raising a child, this threshold is set at 35,987 euros, and at 44,212 euros for a single person with two dependent children. For a couple with a dependent child, the threshold for non-taxation at the housing tax is set at 50,382 euros, and 56,551 euros for a couple with two children.

**You do not need to do anything in regards to this – any reduction or exoneration is automatically applied from your tax return**

### **What conditions to benefit from a tax credit for renovation works?**

There are certain conditions to be met to be eligible for the tax credit associated with an energy renovation.

Unlike previous years, not all households are entitled to it, as it is now necessary to be below a certain income amount (RFR global income ) in order to benefit.

**The CITE or tax credit for renovation works is now replaced by the financial aid **MAPRIMERENOV** and is paid via another organization the ANAH – you can be awarded up to 20 000 euros towards your renovation costs depending on your income and the property location.**

Before beginning any renovation works it is a good idea to research this before applying, as this grant assistance now advances funds for the works and not after they are completed.

**PLEASE send me details of any works completed from 2019-2021 that you have not already included in last year's return, so I can ensure you that you have received any possible funding.**

### **TV LICENCE**

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

**Don't forget to let me know if you do not have a TV, so I can tick the relevant box to be exempted from the fee.**

## **DETAILS OF INFORMATION REQUIRED and TAX & EXCHANGE RATES.**

**MANDATE:** In preparation, for the current annual French Income tax return 2022 (revenue for 2021) 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**
- **PASSWORD TO YOUR Impots.gouv.fr personal tax account**

**COPIES ONLY PLEASE:** Not the original documents

**REVIEW & COST:** Upon receipt and review of the information you have sent regarding your income details for 2021, I will send you a quotation for the cost of completing this year's French Tax return.

**PAYMENT:** If you accept , I shall invoice you upon completion with an amount in GB £'s along with my bank account details and PayPal details if you prefer to pay in euros. If you cannot carry out a bank transfer then a sterling cheque is acceptable .

**DECLARATIONS ONLINE OR POST:** Where possible I will declare online as the tax office prefer declarations to be completed via the Internet. As mentioned 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 2021 is 1.163581 GBP to EUR. *(Please note I am still awaiting confirmation from the Banque de France that this will be the rate for 2022, 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 2021) 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