



Capital Gains Taxation

The new law on real estate capital gains taxation is favourable to European residents

In France, taxation on real estate capital gains is made of two main components:

- Income tax at a rate of 19%.
- Social security contributions at a rate of 17.2% which are composed of the following:
 - The “contribution sociale généralisée” (CSG) at a rate of 9.2%.
 - The “contribution au remboursement de la dette sociale” (CRDS) at a rate of 0.5%.
 - The “prélèvement de solidarité” (PS) at a rate of 7.5%.

Since 1 January 2019, the sale of real estate located in France by persons covered by the social security system of a State of the European Union, the European Economic Area¹ or Switzerland and who is not covered by a compulsory French social security regime is now exempt from “CSG” and “CRDS” on real estate capital gains.

Thus, they are only liable to the “prélèvement de solidarité” at a rate of 7.5% which results in a taxation at a rate of 26.5 % instead of 36.2%.

You will find a simplified explanation below :

| TAXATION OF REAL ESTATE | BEFORE THE LAW (36.2%) | AFTER THE LAW (26.5%) | TAX SAVING |
|---------------------------------------|------------------------|-----------------------|------------|
| CAPITAL GAIN OF €300,000 ² | €108,600 | €79,500 | €29,100 |
| CAPITAL GAIN OF €500,000 ² | €181,000 | €132,500 | €48,500 |

1. European Union countries: Germany, Italy, Austria, Latvia, Belgium, Lithuania, Bulgaria, Luxembourg, Cyprus, Malta, Croatia, Netherlands, Denmark, Poland, Spain, Portugal, Estonia, Romania, Finland, United Kingdom, Slovakia, Greece, Slovenia, Hungary, Sweden, Ireland, Czech Republic.
European Economic Area : Iceland, Norway and Liechtenstein.
2. After deduction of expenses and allowance for holding period.

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