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## **Your Place of Residence** - article prepared by Siddalls France

Many of you will reside partly in the UK and partly in France, with homes in both countries and therefore may assume that you will remain UK resident for tax purposes.

Under French law the simple fact of owning a home in France means that you can be considered French resident. You may also fulfil residence criteria under UK law.

The question is to decide which country has the greatest claim on your residence. The answer is normally found in the appropriate **Double Tax Treaty**. These are bilateral agreements, between two countries, which set out the rules for:

1. Which country has the greatest claim on your residence.
2. Which country has the right to tax different sources of income, your assets and in certain cases, inheritance.
3. How to ensure that you are not taxed twice on the same amount.

France has signed two treaties with the UK, for income tax and for inheritance tax, which basically, with certain exceptions, allow the country which has the greatest claim on your residence, to tax all of your worldwide income and assets.

The criteria for determining which country has the greatest claim on your residence are:

1. Where is your 'home'?
2. If you have more than one home, then where is your place of 'vital interest'?
3. If that cannot be determined, where is your 'habitual abode'?
4. If you spend exactly the same time in each of your 'homes', it is the country of your nationality which has the greatest claim.

Therefore if you have sold your UK home or rented it out, you will automatically become resident of France from that date. Indeed if you come to France with the intention of residing here, you should declare your intention to your local Mairie within 90 days of your arrival.

In the past we have heard "I do not intend to spend six months in any country". The point is that the 6 month or 183 day rule is only relevant to deciding which of two countries is your 'habitual abode'. If more than two countries are involved and you have homes in each then the country which has right to claim your residence will normally be the one in which you spend most of your time.

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The tax year in France runs from January to December, with the tax declaration being completed the following May. Therefore if you have arrived in say September 2011, you will complete a tax declaration for September to December 2011 in May 2012 for the French tax authorities.

It is very important that you are registered for tax correctly in France. Getting professional advice for your finances is vital.

This article is by no means comprehensive. This is the first in a series which aims to cover the type of taxes that may be applicable to your income and assets here in France.

If you have any questions, please contact:

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