

WHY FRANCE?

There can be few countries in the world that offer such a varied mix of climate and culture than France. Beautiful countryside, historic towns, unspoilt beaches and long, long summers, not to mention world famous cuisine and wine, make France ideal for a second home.

PROPERTY PRICES

Property prices in some areas of France are rising by as much as 20% a year, but in rural areas it is still possible to buy a property for under £40,000. Modern apartments typically can be bought for around £40,000, whilst detached properties can be found for around £50,000

BUYING A PROPERTY

You've found your dream property and your offer has been accepted – so what happens next? The buying process in France is relatively straightforward, but there are a few crucial differences compared with the UK.

The legal process.- Once you have found a property, you must instruct a notaire (solicitor), who will legalise the sale, perform searches and request the release of funds from your lender. (Unlike in the UK, searches will not show whether roads or a shopping complex are about to be built next to the property. Instead ask at the local town hall for a *certificat d'urbanisme* which provides information on any existing rights to build on the property).

- ❖ It is best to take out a mortgage in the country where you receive a salary so if you are moving to France permanently, get a French mortgage. To do this you will need French life assurance as policies in other countries are not recognised.
- ❖ There is no tradition of pre-purchase house surveys, so you will have to organise one privately.

- ❖ Make sure your notaire checks the contract carefully before you exchange. The “first signing” (*compromis de vente*) of a contract makes you liable to pay administrative costs if you withdraw, so you need to be certain. You will need a deposit around 5 – 10% of the purchase price with the notaire until completion. If you pull out after 7 days (the cooling off period) this amount goes to the seller. If they pull out, you will receive double the amount back. The advantage with this type of system is that you are unlikely to be gazumped.
- ❖ When you complete (normally this is within two months of exchanging), you sign the contract for a second time and pay *taxe foncière*, a combination of fees for the building and land.
- ❖ After the mortgage has been arranged, the lender sends the details to your notaire, who prepares a deed of sale.

Buying costs –

- ❖ Notaires fees – fixed by law and on a sliding scale
 - ❖ Mortgage company’s arrangement fee of 1% of the amount borrowed
 - ❖ Valuation fee of up to £200
- ❖ Survey cost – There is no tradition of house surveys in France, and there is no law that vendors must disclose defects. You can insert a *condition suspensive* stating that the sale is conditional on a survey, but the seller will probably want to keep the house on the market until you are ready to sign contracts – which means you risk losing the property altogether. If there is something very visibly wrong, you could add a clause stating that the seller must remedy it before the sale can continue. If you decide on a survey, employ an *expert immobilier* and expect to pay £470 for a basic survey and up to £1350 for a structural survey or for larger properties, 1% of the purchase price.
- ❖ Stamp Duty is payable on houses older than 5 years. It is currently 4.8% of the value.
 - ❖ Life assurance may be as little as 5% of the purchase price, but can be as much as three times the purchase price
 - ❖ Non-resident property owners may also be liable for income tax, capital gains tax and other taxes, so get a good French accountant.

Annual Costs –

- ❖ There are 2 local taxes, *taxe d'habitation* and *taxe foncière*. Rates vary from region to region and according to the size of the home, but are usually lower than council taxes in this country.
- ❖ Utility costs and contents insurance will vary.

Buying an Unfurnished property –

This type of sale is called a *vente en l'état future d'achèvement*. You pay an initial sum that represents the property's value at the point of signing the contract, then you make further staged payments as work continues. You retain 5% of the cost for up to a month after completion, which covers you for any small jobs that still need doing. Some mortgage providers may want you to take out insurance against the builder being unable to complete.

ESSENTIAL INFORMATION FOR MAKING THE MOVE

If you plan to relocate to France, you need to be aware of practical issues like taxes, work, education and legal paperwork as well as regional climates, shopping and cuisine. Here are some you might like to consider:-

- ❖ ***Visa/Residency Issues*** – If you intend to stay in France for more than 3 months, you will need to get a residence permit (*carte de séjour*). This shows that you have a place to live and a job, or other source of income. If you're retiring to France you'll still need a *carte*. If you want to set up as self-employed, you will need to register your business and obtain a national identity card.
- ❖ ***Taxes*** – Taxes in France can be as complicated as those in England. It is worth taking advice from a French accountant to make sure you follow all the rules.
- ❖ ***Resident***. Income tax is charged at a higher rate and on lower incomes than in the UK. For example, a salary of €14000 - €24000 (£19880 - £34080) is taxed at 31%, while income above €46000 (£65320) is charged at nearly 53%.

- ❖ **Non-resident** If you maintain a second home in France you will be subject to tax if you let your property out, regardless of whether or not you are a resident. The exact amount varies between the different departments.
- ❖ **You must** report rental income profits on an income tax return called a *Declaration des Revenus* (Cerfa form number 2042) and submit it to the Centre des Impots des Non-Residents in Paris before 30 April each year.
- ❖ **Inheritance Tax** is extremely complex, especially if you have children from more than one relationship. Inheritance taxes are paid by the recipient of the inheritance. They are charged at different rates according to the size of the inheritance and how the recipient is related to the donor. If you have not made a will, your estate automatically defaults to your children.

❖ **Capital Gains Tax.** If you sell a French property that is a second home you will be liable for capital gains tax. This is taxed at 33% of the profit you've made on the property after buying, repair and improvement costs. However, the taxable gain is reduced by 5% for every year that you own the property after the first two years.

- ❖ **Gift Tax.** As in the UK tax is payable if you make a gift of assets, including property
- ❖ **Required Paperwork** – In France, you are required by law to have home and car insurance. If you are renting for a period while you look for a property to buy you are liable for damage to the landlord's property, including common spaces. The typical home insurance policy (*Contract Multirisque Habitation*) insurance you against theft, fire, burst pipes and natural disasters. Keep all rental payment receipts and receipts for repairs and maintenance. Naturally you will need a bank account. Its worth noting that one French Bank, Credit Agricole, runs a telephone/internet banking service called Britline. The main difference between French and English banks is the non-existence of overraft facilities. If you write a cheque above and beyond whatever cleared funds are in your account, the account will be closed and your name will be passed to the Bank of France. You will not be able to open another one for 5 years. Also, cheque guarantee cards do not exist in France.

❖ **Work.** There are various ways of finding a job in France, but unemployment is around 9.5% so you will need to have good French. Research work opportunities via the European Employment Services Network (EURES). Government employment offices (*Agences National Pour l'Emploi*) offer similar services to UK job centres. In major cities, there may be opportunities to teach English, although you will probably need a recognised TEFL (Teaching English as a Foreign Language) qualification. Of course there are also recruitment agencies, websites and newspaper classified ads to trawl through. As a general rule, job application letters are handwritten and very formal, while CV's are shorter than in the UK and tend to focus on educational qualifications rather than work experience. You should also include a picture with your application.

❖ **Education.** The French education system is highly regarded – teaching is more traditional than in the UK, with a greater emphasis on learning by rote and less on developing children as individuals. There is good nursery provision for children aged 3 – 6 and pre-nurseries are also available. There are plenty of English speaking and international schools. It is also worth mentioning that private education is generally much cheaper in France than in the UK, thanks to government subsidies.

❖ **Culture.** For lovers of fantastic food and fine wine, France has all the perfect ingredients. The French take pride in the fresh produce bought daily at their village markets. These are used everywhere from family restaurants serving hearty pleasant meals to sophisticated eateries dishing up haute cuisine. You can also find African, Caribbean, Asian, Moroccan and Thai restaurants although vegetarians will have more of a lean time. Drinking is done at a leisurely pace with wine drunk at virtually every meal. You can buy bottles direct from the producers at local vineyards. Keen shoppers will find French designer labels like Chanel and Christian Dior, along with more reasonably priced names such as La Redoute, in many cities and large towns.

❖ **Health.** As an EU resident, you are entitled to make use of the French health service (you will need an E111 form), for up to 3 months. If you are working and contributing to the social security system, you pay for health service fees and will be reimbursed, fully or in part, depending on the health procedure, directly into your bank account.

GETTING TO YOUR HOLIDAY HOME

France is easily accessible. High speed Eurostar trains from Waterloo, get to Paris in 2 hours and 35 mins, while the Folkestone to Calais Euro tunnel crossing takes just 35 minutes. Plus, there are plenty of air routes to choose from.

REGION	AIRPORT	AIRLINE
Bergerac	Stansted	Ryanair
Bordeaux	Birmingham/Gatwick	British Airways
La Rochelle	Stansted	Ryanair
Lyon	Stansted	Easyjet
	Birmingham	British Airways
Marseille	Gatwick	British Airways/Easyjet
Nantes	Gatwick	British Airways
	Heathrow	GB Airways
Nice	Birmingham	British Airways
	Gatwick	British Airways/Easyjet
	Luton/Stansted	Easyjet
Paris	Birmingham/London	Air France/British Airways
	City/Gatwick/Heathrow	
	Luton	Easyjet
	Stansted	Ryanair
Perpignan	Stansted	Ryanair
Toulouse	Birmingham	British Airways
	Gatwick	Easyjet

USEFUL CONTACTS

Specialist overseas mortgage advice:

Alexander Hall – 0800 0383736

www.alexanderhall.co.uk

Conti Financial Services – 01273 772811

www.mortgagesoverseas.com

First National – 0208 909 7600

www.britishmortgagesabroad.com

Buying Advice and Tips

www.frenchentree.com

www.thelivefrancegroup.com

NB LEGAL ADVICE

Overseas Opportunities recommends to all their clients who are considering purchasing property overseas that they seek independent legal advice for their purchase. However, if required, we can provide a list of solicitors experienced in this field, from which they can choose.

All information supplied in this document was correct at the time of print.