

A photograph of a Parisian skyline viewed through three dark stone arches. The Eiffel Tower is visible in the rightmost arch. The foreground shows a dark, reflective floor.

INTERNATIONAL BUYERS HANDBOOK

FRANCE

STEP BY STEP GUIDE TO

BUYING PROPERTY IN FRANCE



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STEP BY STEP GUIDE TO

BUYING PROPERTY IN FRANCE

1

MARKET RESEARCH

Based on your requirements, Alford Hughes will perform thorough market research to identify best in class opportunities in prime locations of France.

2

BUYING ADVICE

Alford Hughes will guide you on the best options whether it be a beautiful Haussmann style apartment in Paris or a house in the French Riviera. Once a property is selected, we will advise on purchase price and bid strategy, negotiate the most competitive purchase price, and finalise heads of terms on the purchase.

3

CHOOSE A NOTARY

A notary is a legal specialist that acts on behalf of the buyer and seller to draw up the deed and make sure of its legality and authenticity. Alford Hughes will assist you at every step to find the best notary to make the process as smooth





as possible. To ensure legal and tax compliance of the sale, the buyer will have to provide a copy of their passport, translated birth certificate and marriage certificate (if applicable).

4

PRELIMINARY AGREEMENT

The preliminary contract is binding and contains all the conditions of the sale that will later be included in the final deed. The notary draws up the preliminary agreement after they receive the following documents from the seller:

- Title of Ownership
- Confirmation that the building conforms to all legal regulations
- Diagnostic Report (DDT)

5

ARRANGE DEPOSIT

Once the buyer and seller has agreed on the price and the preliminary contract has been signed, the buyer will benefit from a 10-day cooling-off-period. The buyer must arrange a deposit, typically 5% or 10% of the agreed property price to the notary. This deposit will be held in an escrow account until the final transaction.

6

ARRANGE FUNDS/ FINANCE

Depending on when the buyer wants to obtain the keys to their new property,

Alford Hughes work in France in partnership with QNB to provide Qatari clients with finance options. This applies for both existing and non-QNB clients. Alford Hughes will introduce you to a relationship manager at least 2-4 months prior to finalisation of contract.

7

FINAL DEED

After Notary's office completes all the administrative checks, they will then draw up the final deed. Typically, it takes 3 to 4 months between the signing of the preliminary contract and the final deed.

The day the final deed is signed at the notary's office, the balance price (depending on the deposit) is be paid through the notary's escrow account, which is then transferred to the seller's account.

The buyer generally pays roughly 7% of the overall property price- notary fee of 1% and stamp duty of 5.8% on the price excluding admin costs.

8

HANDOVER

Alford Hughes will arrange for the handover of the apartment and obtain keys along with all certifications and warranties to ensure the property is ready for the buyer.





STRUCTURING YOUR FRENCH PROPERTY

If you are a non-French tax resident, you will need to undertake a tax analysis to understand the fiscal implications of buying, owning and potentially leasing a French property. Both direct acquisitions or structuring your purchase through a French property investment company have advantages and disadvantages.

Your personal situation (i.e. your tax residency, planned number of shareholders) and objectives (i.e. if you plan to rent) will influence how you buy or which structure is best suited for you. There are several options of fiscally transparent companies that can be used to purchase French property. That said, the two most common structures are the French SCI and the French SARL.

1

THE FRENCH SCI

A French SCI is a common real estate holding structure. The vehicle is generally incorporated to run civil activities. The SCI is a separate legal identity from that of its shareholders, making it fiscally transparent. For an SCI to be tax transparent, the entity's activity must be limited to renting unfurnished properties (renting furnished property is generally considered a commercial activity). An SCI facilitates the purchase of a property by multiple persons and provides stability and continuity in family property ownership. The structure is advantageous because it can avoid the constraints of French inheritance laws and protect a family home from business creditors.

2

THE FRENCH SARL

A French SARL whose partners opt for a transparent company tax regime could be more appropriate if it is incorporated solely between parents (i.e., direct line relatives). Alternatively, the structure can be ideal if you wish to rent a furnished property, i.e., undertaking a commercial activity. A SARL is advantageous because it is tax transparent, and it avoids some of the drawbacks of France's corporate income tax regime. If the SARL tax regime is applied, it may lead to a loss-making taxable result, meaning no taxable income for shareholders. Corporate income tax rules also allow for a number of charges to be deducted (i.e. property amortisation, certain acquisition expenses, loan interest, etc.). If the property is sold, a favourable capital gains tax regime could be applicable.

TAXES – PURCHASE

French Taxes	Rates	Basis
French registration duties – acquisition of a French property	5.09% - 5.80%	The purchase price or fair market value, if higher
French notary fees	0.799%	Purchase price
Land registrar's fees	0.10%	Purchase price



TAXES – DURING OWNERSHIP

Even before buying property in France, tax is one of the most crucial things to factor into your budget. There are two types of tax on residential property in France - land tax (taxe foncière) and local taxes (taxe d'habitation). These are both due on 1st January each year.

1

TAXE FONCIÈRE

Taxe foncière (land tax) is annual property imposed on the owner, regardless of whether the property is occupied or rented out. The tax is levied for the year in which it is imposed and payable by the person(s) owning the property on 1st January of that year. This is based on an annual rental value multiplied by a percentage set by the local commune.

New buildings, additions to existing buildings, and rural conversions are granted full exemption from the tax for two years, provided the works are declared to the tax authority within 90 days of practical completion. Some local authorities also offer exemptions or reductions for up to five years if you carry out energy-saving work on the property.

2

TAXE D'HABITATION

Taxe d'habitation is residence tax and is paid by the tenant or the owner if vacant. It is only due on second properties and depends on local rates along with the size and condition of the property. This tax is being phased out and will be abolished by 2023.

3

WEALTH TAX

Non-French resident individuals who own a French property are subject to French annual wealth tax if the global net value of all your French assets exceeds €1,300,000. The wealth tax is applicable regardless of whether your property ownership is direct or indirect. The French wealth tax rates range from 0% to 1.5% based on either your property's value or (if held indirectly), on the fair market value of the shares of the entity that owns the property. Any applicable double tax treaties covering wealth tax can be applied.

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