

French Trust Law comes into force.



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Please note that French law is a complex subject and you should not rely on this article without professional advice on the facts of your case.

France has on 2nd March 2010 brought into effect its new fiduciary or trust law. This is a major development for trustees based in Anglo-Saxon jurisdictions who will be able for the first time to invest on behalf of beneficiaries without having to resort to more complicated structures to get around the lack of a concept of trusts in France. In most cases structures which trustees are familiar with can be used albeit with some small changes.

The change is likely to see more trust based purchases of French real estate including purchases by pension funds such as SIPP's and offshore trustees. This will be driven by increased client demand. There is likely to be an increase in prices of properties which are attractive investments for trustees. SIPP trustees will find it much easier to purchase commercial property in France including hotel accommodation sold as "leasebacks".

Offshore trustees in Jersey, Guernsey, Man, BVI and Cayman will also be more active in France as the Tax Agreements these countries have signed with France are due to become effective shortly and it is most unlikely the 3% annual tax France has levied on them as tax havens will have to be paid on 1st January 2011.

Sykes Anderson LLP solicitors and chartered tax advisers has been a leader for years in structuring purchases for trustees of French property and is able to fully advise on all aspects of such a purchase. We also provide an English style report on title to trustees fully backed by a solicitor's indemnity policy which covers all French risk matters which concern trustees.

In most cases French tax will apply to real estate in France notwithstanding any tax exemptions trustees enjoy in their home jurisdiction. Sykes Anderson has years of experience in advising on taxation of French real estate and can deal with this aspect. On more complex deals we instruct leading French tax counsel regularly and work with eminent notaires with strong tax backgrounds.

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