

# Better-off Brits better off living in France

Tracey Emin and Michael Caine are thinking of moving when the UK raises its upper tax bracket to 50%. More high-earners are looking favourably at taxation in France

ARTIST Tracey Emin and actor Michael Caine are not the only high-earning Britons looking to leave Britain ahead of a rise in income tax.

According to one UK expert an increasing number are doing the same.

Emin, known for her unusual stunts like exhibiting an unmade bed, is reported to be "very seriously considering" a move to France due to the fact the top bracket rises from 40% to 50% in April next year and film legend Caine has also threatened to leave.

International lawyer David Anderson of Sykes Anderson LLP, says he has advised a number of people who have been having similar ideas.

The new rate is for earnings over £150,000. In addition, those earning more than £100,000 will have their personal tax allowance (the untaxed part of income, currently £6,475) reduced progressively as earnings rise above that figure, tapering to zero.

Mr Anderson's clients considering a move to France include a chief executive earning £350,000, who would pay an extra £20,000 a year in tax under the new UK system.

Mr Anderson said such people were increasingly looking not just at traditional destinations like Monaco or Switzerland, but at others which "can be advantageous when compared with the UK system - one of which is France."

He said benefits included:

■ France taxes the household, not the individual. Combined with the "family quotient parts" system, this allows for a much greater part of a high-earner's income to be assessed under the lower French tax band rates than would otherwise be the case where they have a partner and/or children. For example, an executive could benefit twice from the low band rates if they have a non-earning partner).

■ There is a total exemption from income tax for certain kinds of work, under art. 81A of the Code Général des Impôts, which applies to some executives' roles. This is for income earned by a French resident employed by a firm from any EU country, who spends more than 120 days a year in countries which are

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People are shocked when I tell them they can move and - certainly with this new top UK tax rate - be better-off in France

**Robert Kent of Kentingtons tax and investment consultants**

neither France, nor the country in which their employer is based, carrying out work broadly defined as *prospéction commerciale* ie. drumming up business. In the case of a British executive living in France it could apply to work in other countries, such as the USA, or in Britain as long as they are not directly employed by a British company. (If they previously were employed by one they could, for example, arrange to be employed by a non-UK subsidiary).



LEAVING: Michael Caine (pictured with wife Shakira) is considering moving when UK taxes rise next year

sidiary). Note however that the UK/France double tax treaty says UK income tax becomes payable if more than 183 days a year are worked there.

Mr Anderson said: "This is a perfectly legitimate tax exemption to encourage French exports. In the Thatcher era Britain had similar exemptions, which were later removed."

He added: "There are a number of factors to be considered before deciding to become French resident. We would always recommend clearance is obtained from the French revenue before committing to a move. There are many practical steps you then need to take and several tax considerations other than income tax - eg. inheritance tax and wealth tax."

"You should take detailed advice before moving. If you are able to plan properly and fall within the 120-days work exemption the advantages are potentially great."

The general manager of financial and tax advisers Siddalls France, Rupert Holderness, said there had been a dip in Britons moving to France due to bad exchange rates and difficulty selling British homes, but in the medium-term more than ever were now looking to come. "This is due to an impression that the quality of life in the UK has reduced in the recent recession," he said.

French income tax was generally lower than Britain's and would become even more so, comparatively, with next year's top-bracket rise. However he said other factors should be considered, such as France's wealth tax on assets, high social charges and higher VAT.

"An individual calculation has to be made as to whether or not your tax bill would really be lower compared to the UK."