



Underground heat for new resort

A GEOTHERMAL lagoon in the middle of France will be the centrepiece of a new eco holiday resort to be built by Euro Disney and Pierre et Vacances.

Known as Villages Nature de Val d'Europe, the new resort will allow visitors to get closer to nature by offering a range of activities including gardening, boating, hiking, riding and visiting an organic farm.

The 3,500m² lagoon and water park

will be the biggest in Europe when the 175-hectare resort opens in 2015 on a site 6km from Disneyland Paris.

It aims to be zero carbon and zero waste, and the water will come from 1,800m below ground at 78C, saving 6,750 tonnes of CO₂ a year.

Initial plans include 1,730 apartments or cottages in three villages. These would be sold to individuals on the Pierre et Vacances holiday model.

Landlords win big tax break with UK rental properties

French Revenue confirms that furnished lets can give major advantages

FRENCH rules on professional landlords have been extended to include UK buy-to-let properties in a move attractive to both UK individuals living in France and any French seeking a tax shelter.

The move gives significant tax breaks covering income tax, capital gains tax and wealth tax, says solicitor and tax adviser David Anderson of Sykes Anderson LLP.

French tax authorities have confirmed that, while there is nothing specific in the legislation about professional landlord rules extending to non-French properties, they do allow UK buy-to-let properties to benefit from the usual tax exemptions provided by the French tax code.

However, the generous tax advantages available in France are not available to UK resident landlords for their activities.

Mr Anderson said there are a set of qualifying requirements to become a professional landlord: "To qualify, you must derive a gross income of at least €23,000 from the rental of furnished properties; your rental receipts must exceed all your other worldwide income; and you must register with the local register of commerce to confirm your professional activity."

He said the tax benefits include being able to deduct expenditure

from the letting business from your global income for French tax purposes; eg, income losses on your rental properties can be set against your salary income.

"You will also gain an exemption from French capital gains tax on the disposal of the rental properties after five years of ownership as a professional landlord, as long as your income from rentals over the two years before selling the property averages no more than €90,000. In addition, no UK capital gains tax

Mr Anderson said the professional landlord status "helps bring forward the CGT exemption by 10 years".

The general position for French residents is that their worldwide assets are subject to an annual wealth tax charge in France. This arises where a person holds assets worth more than the current wealth tax threshold of €790,000.

Equity in these assets on January 1 each year is taxed at banded rates, which go up to 1.8 per cent.

When a person first moves to

the scope of the wealth tax.

It is not possible in the UK to register as a professional landlord at Companies House, but Mr Anderson said: "The French Revenue has confirmed that, if the activity is carried on in an EU member state, where this registration is not possible, this condition is not required. You simply prove the activity being carried on is furnished lettings."

While UK inheritance tax may be payable, it is likely to be marginal if the properties are mortgaged. There is usually no inheritance tax on transfers between spouses.

UK income tax will be payable if the rentals show a profit, but investors aiming for capital growth will be able to offset interest and other expenses against rentals. Income

from UK rental properties is not taxed in France because of the UK-France double tax treaty.

Mr Anderson said: "It would be surprising if more French-based investors did not buy in prime UK residential markets given how favourable the euro-sterling exchange rate is at the moment and the almost complete exemptions from CGT both in France and the UK, and from French wealth tax."



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David Anderson, solicitor and tax adviser

(CGT) will be payable if you are non-UK resident for five years.

"And there is no French wealth tax to pay on the buy-to-let properties used in the business, which are considered professional assets and are therefore exempt."

French CGT is rising to 19 per cent (plus social contributions) in 2011 and, unless another exemption such as a main residence applies, you need 15 years of ownership before obtaining a CGT exemption.

France, he has a wealth tax "holiday", so non-French assets are not charged to wealth tax for five years, although all assets must be declared to the French Revenue.

After five years, all assets, including UK buy-to-let portfolio will be inside the tax net on an annual basis. However, there is an exemption for "professional assets" and, where an individual is registered as a professional landlord, his rental properties will fall outside

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