

# **NON-RESIDENTS : BASIC TIPS BEFORE BUYING A PROPERTY IN FRANCE**

## **1 BUYING IN FRANCE FOR A NON-RESIDENT**

Before considering any real estate investment in France, a foreign national must contact an Attorney to determine the conditions under which this investment will be submitted.

## **2 THE BUYER**

Firstly, consideration will be given to the nationality of the purchaser and its marital status, if married.

Knowing that the law of the location of the property applies to real estate matters, French law will therefore be enforced.

The consequences of the purchase will be very important as to the ownership of the property as well as its eventual resale or onward transmission.

Buyers should know that the members of the European Union, as well as foreign nationals who have signed a special agreement with France, will benefit from special legal regimes (bilateral agreement, The Hague Convention ...).



**EXAMPLE** : One possibility exists to disqualify the French legal rules which would apply when a spouse dies (ie : option for the surviving spouse, in the presence of children, between being usufructuary of the full property or being owner of 25% of the property in freehold and 75% in usufruct). Indeed, and according to The Hague Convention, spouses are entitled to opt in for the regime of the universal community with full attribution of the property to the surviving spouse.

**IMPORTANT !** This rule applies only for foreign nationals of an EU country in which the spouses are automatically considered as a heir by law and who may, in his/her home country, freely change his/her marital status.

Also, nothing prevents non-residents to acquire their property under the name of a company. Depending on the status opted for, the legal and tax status of the property acquired differs.

### 3 THE FUNDING

The acquisition of a property in France will sometimes require significant funds transfers. These transfers are subjected to verification by intermediaries (banks and credit institutions).

Professionals like Attorneys and Notaries must also verify the source of funds to prevent money laundering operations. They may be called upon to make official statements to the authorities if they have a serious doubt as to the source of funds used. (See article L.561-15 of the Financial and Monetary code here : [download](#)).

Attorneys and Notaries must also ensure the security of the transactions which they are responsible for toward non-resident buyers and sellers. Again, they will both check the transfer sent to them itself and the seriousness of the banks which have operated the transfer.



## 3 TAXATION

The tax regime applicable to a property purchased in France will also have to be explained to the non-resident buyer :

- The costs, various taxes and fees
- The taxes that must be paid if the property is used as a primary residence or for rental investment purposes

Taxation rules which will apply to the detention of the property and to its subsequent resale mostly depends on the choices made at the time of the purchase (as per the VAT, the capital gains, or the intervention of an accredited representative ...).

Again, very different schemes exist ranging from exemption to heavy taxation.

To study all these aspects, the non-resident buyers of a property in France, whoever they are, should consult an Attorney who will, before any commitment, counsel and secure their investment.