



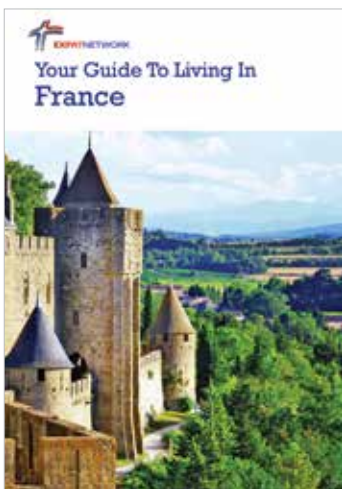
Your Guide To Living In France





Contents

Moving To France	4
France & The French	6
Settling Into France	8
Property	16
Buying A Home In France	24
Passports & Visas	25
Healthcare	27
Choosing A School	28
Personal Finance	30
Regional Map Of France	35



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Moving To France

So you are moving to France – a country of high culture, beautiful historical buildings and great mountains.

In this guide, we will provide you with guidance on the issues you will need to address as you plan your move, whether that is to work in France, retire or simply enjoy a new lifestyle.

Well, before you start here are our ten top pieces of information for expats:

1.

France is often the most popular tourist destination in the world. France remains a popular expat destination, with an estimated 150,000 Britons and over 100,000 Americans living there.

2.

Northern and western France generally have cool winters and mild summers. Autumns are rainy, and winters come early. Southern France has a Mediterranean climate, with hot summers and mild winters. The mountains in the south east are snowy and offer excellent skiing.

3.

EU nationals do not need visas to live or work in France. If you are from outside the EU you can generally visit for up to 90 days, but you will need a visa if you plan to work or live in the country,

4.

Dinner in France does not usually begin until at least 8pm. It tends to be the main meal of the day and is eaten at a leisurely pace with a glass of wine.

5.

French is the first language of nearly 90% of the population. Of those that speak minority languages most also speak French. In various regions there are several regional dialects spoken. Arabic is spoken by just under 2% of the population and other immigrant languages from the former French colonies are also spoken.

6.

French property prices have continued to fall in recent years and relatively flat or even negative growth is expected over the next decade.

7.

With 64.6 million inhabitants, France has Atlantic, English Channel and Mediterranean coastlines and land borders with Belgium, Luxembourg, Germany, Switzerland, Italy, Monaco, Spain and Andorra. It includes the island of Corsica.

8.

France's currency is the euro.

9.

France has the fifth largest economy in the world and is second in Europe only to Germany. It is strong in a diverse range of industries from agriculture to defence.

10.

In addition to the threat to all western countries from Islamic extremism, France faces internal threats from nationalist groups in Corsica.

Once you are settled, explore the wonders of France as it is a truly beautiful country and a great place for friends and family to visit!

Retiring to France and concerned how much tax you might pay? You may be surprised.

The French tax regime provides opportunities for tax efficient investing, and how you hold your assets can make a significant difference to how much tax you pay.

Blevins Franks specialises in reducing tax on invested capital, pensions, wealth and inheritance, and has saved our clients a substantial amount of tax over the years. Contact us to find out how we can help you.

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France & The French



The French were originally a mixture of Celtic, Latin and Teutonic stocks.

This ethnic mixture lasted for centuries, but between the two world wars of the 20th century approximately three million immigrants came to France, primarily Slavic peoples and Portuguese. More recently North Africans, Algerians, and Asians have dominated France's immigration statistics.

About 75 per cent of France's people live in towns of 2,000 or more inhabitants. Relative to other European countries, urbanisation has been a recent development. At the end of World War II, the majority of the population still lived on farms or in villages and small towns. Rapid post war industrial growth and agricultural modernisation spurred a large-scale migration to the cities, doubling or tripling the size of some, such as the high-tech

industrial centre of Toulouse in the southwestern part of the country.

Population density varies from 980 per square km in the Ile-de-France region, which includes Paris, to 52 in Burgundy and 44 in Limousin. France benefits from a healthier age pyramid than is the European norm. It has fewer elderly people relative to the large number of postwar births. The average age of the population is around 40 years, with only 18 per cent of the population over 65. The French enjoy one of the highest standards of living in the world and have established a generous social welfare system.

Ethnic makeup France traditionally has had a high level of immigration. Most are from other European Union countries, notably Portugal, Italy, and Spain. Others are political exiles from former communist countries of Europe, Indochina, and Latin America. Many have been in France for two or three generations and nearly all have been accepted by

the French. Another sizable minority of immigrants that were assimilated, although not without lingering tension in some areas, are the 800,000 *pièdes noirs* or black feet, French citizens repatriated from Algeria at its independence in 1962.

A more difficult group for the French to absorb are the Muslims who have flooded into France since the early 1960s. They are mostly Algerians and other North Africans, but there are also some Middle Easterners. Their darker skins and different culture and religion set them apart, and they have made less effort to assimilate and adopt the French culture. They form a large subculture, living largely in ghetto-like housing in older sections and on the outskirts of major cities. The focus of rising racial and ethnic antagonisms, their presence has become a sensitive political issue in recent years.

Culture

Two thousand years of history have given the French an ancient and rich culture, as well as a remarkable national identity. Paris was one of the essential ingredients of the Grand Tour so popular with wealthy young Europeans in earlier centuries. The French are intensely nationalistic with a pride in their country and culture which may at times border on arrogance.

The country's art and architecture, the achievements of the kings, victories on the battlefields at home and abroad, as well as their writers, dramatists, actors, scientists, explorers and famous statesmen are widely celebrated, both at home and internationally.

Wine and food cannot be excluded from a discussion of French culture. For the French, these are elevated to a status comparable to the arts and sciences.

Class distinctions in France are still strong. Status is determined more by racial and ethnic background, ancestry, education and profession, than by wealth. Money, however, is often part of the equation. These distinctions are often taken for granted and are seldom discussed except in purely political terms such as the opposing interests of professionals and workers.

Religion

Once a powerful force in French society, the Roman Catholic Church has lost much of its power. Although a large proportion of the population is baptised Catholic, less than 5 per cent are active churchgoers. Muslims, on the other hand, are growing in numbers and influence. In addition to the substantial Islamic segment, France is host also to Western Europe's largest Jewish community. Protestants are also represented, while roughly 16 per cent of the population claim no specific religious affiliation. Church and state were formally separated in 1905, although the Catholic Church remains influential in education, maintaining many private schools outside the public system.

Climate

Northern and western France generally have cool winters and mild summers. Autumns are rainy, and winters come early. April, particularly in the Paris area, can be damp with rain so fine it just hangs in the air. Southern France has a Mediterranean climate, with hot summers and mild winters and in some areas a fierce wind, Le Mistral, which blows from the north during the winter months. The mountains in the south east are snowy enough in winter to offer excellent skiing.

Settling Into France



Getting Around

Holders of EU licences are permitted to drive in France. Non-EU visitors or residents with a valid licence from their home country may drive in France for up to one year from the date of validity of your first *carte de séjour* or *carte de résident*. An official translation into French must be kept in the car at all times. Within a year of residence, a French licence must be obtained. If you miss the deadline of obtaining a French licence within a year, you will not be allowed to drive in the country. A licence from an EU country may be exchanged for a French licence without any of the required testing.

Non-EU citizens whose countries do not have reciprocity agreements with France must take a knowledge and road test to obtain a local licence. To obtain a French licence, you must first apply at the Préfecture de Police of your Département. Documents you will need may include:

- Your *carte de résident* or *carte de séjour* with a photocopy of both the front and back
- Your current driver's licence and a sworn French translation
- Proof of current address, such as telephone or electric bill
- Four passport-sized photos
- The appropriate fee.

Once you have applied, the Préfecture de Police will then recommend a driving school where you will take the exam. Some expatriates prefer to also take a few lessons. The driving school will be able to point out the typical traps that may arise during the examination. There are schools that specialise in helping English-speakers to pass the road and written tests.

Getting Connected

Computer compatibility. French electric current is 220V, 50 cycles. France uses the Europlug, the round pin attachment plug,

and the Schuko plug and receptacle with side grounding contacts. While computers purchased elsewhere are easily adapted to this electrical standard with a conversion plug, it is important to confirm compatibility with all peripherals and other related electronic equipment. While internet access is not as widely used in France as it is in other countries, most connection options are readily available. Some places of business, as well as entire urban areas, offer free wi-fi access.

Telephone service. The French telephone system, run by France Télécom, is excellent. It is one of the most extensive in the world. Most circuits are digitalised, linked to fully electronic exchanges. France Telecom is the only provider of telephone lines. Once your line is connected you may use the services of other operators to make calls. Alternative providers may offer cheaper prices on long distance calls and calls to mobile phones.

To begin telephone service, call Orange (France Télécom) Tel 1014, consult their website (<http://boutique.orange.fr/>), or visit a local office. Proof of identity and residence will be required; a rental contract or utility bill is sufficient for proof of residence. Determine in advance in which rooms you want to connect the phones and what type of plug is in each room, whether you wish an unlisted number for a small fee, whether you wish an itemized bill for a monthly fee, and which types of phones you prefer. It usually takes 24-48 hours for service to begin after you have placed your order. You may rent or purchase telephones from Orange, an Agence Commerciale, a Téléboutique, or a retailer, but by law, you may use only a telephone that has been approved by the telephone company.

Bills are sent every two months and are payable within 15 days of the closing date. Pay on time because service can be disconnected if you do not pay within the designated period.



If your service is disconnected, reinstatement requires payment of the bill and a fine of 10 per cent. You may pay telephone bills by mail, cheque, credit card, at the post office, or by direct debit from your bank account. The charges for your telephone usage will include monthly line rental. Reduced rates apply for off-peak times, such as weekends and overnight.

Shopping

There are no general rules for shop opening times – these vary with the type of store and its location. Food shops are not allowed to remain open more than 13 hours a day. Smaller or provincial shops often observe a two- to three-hour lunch break. Specialty food shops such as bakeries and butchers can often be found open very early in the morning but closed by lunchtime. Most large department stores and hypermarkets are open from 9 a.m. to 9 p.m., Monday to Saturday. France is mostly closed for shopping on Sundays.

Food shopping. Part of the experience of living in France is the food. Most people shop every day and get to know the local merchants. Shopping for food is done at supermarkets, food markets – open-air or covered – and small specialty shops. Some department stores in larger cities have grocery stores in the basement.

The French traditionally shop at small shops and food markets in their neighbourhoods. When it comes to the raw ingredients, French markets offer dazzling arrays of fresh fruits, vegetables, cheese, meat and fish of highest quality. Most neighbourhoods have readily accessible shops and small markets. Fresh produce in neighbourhood markets tends to be less expensive and of higher quality than in supermarkets, but meat is less expensive in the latter.

Specialty food shops. Even in the era of the supermarket, there are still many small food shops. These shops specialise in one or a very few commodities – the shop name indicates the specialty. They are more expensive than the open markets and supermarkets, but are often much more fun. Some specialty food shops may open very early in the morning and close by lunch time, others may close for two hours at midday. The most common shops and their specialties are:

Alimentation – small food shop
Boucherie – butcher
Boulangerie – bakery
Charcuterie – delicatessen
Confiserie – sweet shop
Cr merie – dairy products
Epicerie – general grocer
Fromagerie – cheese shop
Marchand de l gumes – vegetables
P tisserie – pastries shop
Poissonnerie – fishmonger
Volaille – poultry

Local Cuisine. Wine and food are key elements of French culture. For the French, these are elevated to a status comparable to the arts and sciences. Ingredients of the highest quality and freshness are readily available throughout the country and French chefs have combined artistry with science to achieve the pinnacle of their profession. Add

to that the best wine-growing regions in the world, even accounting for the relatively recent successes of California and other New World wineries, and you have a winning combination.

Nouvelle cuisine was a popular trend in the 1970s and 80s, which originated in the fine restaurants of France. Here the emphasis was on refined presentation and clever food combinations, on lighter, less rich fare, and not on portion size. Other influences have since somewhat diluted the purist approach of nouvelle cuisine, but you will still come across plates which look more like works of art than food.

However, you do not have to spend hundreds of pounds at an elegant city restaurant to enjoy French cuisine. Whether you eat out at a more modest caf  or bistro, or whether you are eating family-style at home, even the simplest preparation can turn France's excellent ingredients into a memorable meal.

Social Environment

Expatriate community. The expatriate community in France is large and diverse. Well-established expatriate clubs – organised by home country, language, hobbies and charitable endeavours – exist in many French cities and towns. Churches, schools and consulates will often have contact details.





You can contact the National Union for Welcome, *Accueils des Villes Françaises* or AVF, a nationwide volunteer organisation with representatives in all the major cities, offering free information and advice. Contact the central office in Paris for the information on the town to which you are moving.

The French are quite private and their relations with people other than friends and family tend to be reserved. Nevertheless, most foreigners who live in France for extended periods make numerous friends. Learning even just some basic French can improve your ability to make friends and acquaintances substantially.

Spectator and active sports are popular in France and the many recreational facilities throughout the country provide a good

opportunity for socialising. Cycling is a popular, as is golf and tennis. There are many public and private golf courses, and both private and municipal tennis courts. Municipal parks are popular for jogging. Walking and hiking trails are found throughout the country. Swimming is popular and municipal pools are available; sunning and swimming are extremely popular activities at the beaches in the summer. For information about sports facilities in your area, contact the local Mairie. Soccer is one of the most popular spectator sports, and most major cities support a professional team.

The French Alps offer spectacular scenery and excellent skiing. Facilities are well developed and provide for a range of skill levels. Resorts such as Chamonix are world famous.



Greetings, Titles & Names

The French shake hands, a light grasp rather than a firm handshake, at every meeting and parting. A man should wait until offered a woman's hand. In social situations it is usual for acquaintances to exchange a kiss on each cheek – touching cheeks, and kissing the air. The number of times this gesture, *bisous*, is repeated depends on familiarity and the geographical region.

In a business situation, greetings are formal. Men should wait for their superior to take the initiative in shaking hands. Women should shake hands first with a man, even if a woman is present who holds a senior position to the man. The senior person present should be addressed first and often, according to his or her position – for example, *monsieur le directeur* or *président-directeur general*. Follow

the lead of French subordinates in this respect.

People should be addressed in French as *Monsieur*, *Madame*, with title but without surname. All adult women, whether married or single, should be referred to as *Madame*. Use last names until invited to use first names. Beware that sometimes when the French introduce themselves they say their last name first. So, for instance, Michel Robert might say, Robert, Michel. If you are unsure, ask for clarification.

If you speak in French, be sure to use *vous* until you are asked to use the less formal *tu*. A visitor will be offered a seat and should take it immediately, unless women are present and standing. Men stand to greet someone, and stand if a woman subsequently enters the room, as do women.



Holidays & Festivals

Most shops, banks and government offices close on official national holidays. In addition to traditional religious festivals associated with the Catholic Church, there are other days when special events occur. The following is a selection from both categories:

Jour de l'An. The first day of the New Year is usually spent with family and close friends over a lunchtime meal.

Epiphany Fête des Rois falls on the first Sunday in January to celebrate the visit of the three wise men. A traditional marzipan cake called the *galette des rois* is eaten. One slice will contain a small favour indicating that the recipient may be king for a day.

Mardi Gras. This day before Lent has evolved more into a children's celebration involving parties with masks and special foods such as *crêpes*.

Ash Wednesday. *Cendres* is a time where you may see the foreheads of devout Catholics marked with ashes symbolising man's mortality. Many people adopt some form of token abstinence during Lent.

April Fool's Day. April Fool's Day is known as *Poisson d'Avril*. Tricks of many kinds are



not reserved only for children. Don't believe everything you read or see on this day.

Fête du Travail. Labour Day is the only holiday which employers are obliged to give to their workers with pay. Lilies of the valley are a traditional floral decoration and gift on this day.

Victoire 1945. This day is marked with a memorial ceremony at the Arc de Triomphe in Paris, attended by the French President and other military dignitaries and veterans.

Bastille Day. This day celebrates the liberation of the Bastille prison in Paris that marked the beginning of the French Revolution in 1789. Paris stages a military parade and street celebrations and fireworks are organised throughout the country. In some towns these parades can become somewhat rowdy, so are best avoided.

All Saints Day. On this day, families visit cemeteries and place chrysanthemums on the graves of relatives. This is why the chrysanthemum is an inappropriate flower to offer as a gift at any other time.

Fête de l'Armistice. Armistice Day commemorates the Great War of 1914-18.

Réveillonde Noël. On Christmas Eve many people attend midnight Mass. It is also a day for festive eating, meals including oysters, foie gras and champagne. Children leave stockings or clogs to be filled with toys by Père Noël.

Jour de Noël. In addition to the religious import of Christmas Day, the French custom is to celebrate with foods such as white sausage, foie gras, goose, smoked salmon, oysters, and Christmas log on the menu. Gifts are exchanged and opened, although in some families this is done on Christmas Eve.



Property



Temporary Accommodation

When you arrive in France it is often necessary to stay in temporary accommodation initially. If the time waiting for the more permanent living accommodation is short, hotels can be a viable option, but if you have to wait for any time, serviced apartments may provide a better option both in terms of comfort and cost as they give you more space, private living areas and the ability to cater for yourself rather than constantly going to restaurants for every meal. It also enables you to get initial experience of living in the area as you buy your own groceries and access other services.

Finding a suitable home for your stay in France, whether relocating for the short term or a longer assignment, alone or with family, can be difficult and complicated. The following resources can be used individually or in combination, depending on your needs. For those who do not speak French fluently, both relocation service companies and bilingual rental agents are often indispensable.

When moving to a foreign country, a relocation service can assist by coordinating many aspects of a move, making the relocation and transition easier. In addition to assisting with the home search as interpreters and liaisons in your interests, they offer a wide variety of service including assistance with language preparation and cultural adjustment.

There are many relocation service organisations in France, catering to different housing needs, whether you chose to rent or buy. If you use a relocation service provider, contact these organisations prior to your move in order to take advantage of all the services they offer. For example, if you have the opportunity to make a pre-move visit to France, the relocation service could plan an itinerary, including viewing suitable homes.

Agents immobilier. Most expatriates prefer to rent instead of purchasing property in France, at least at first. *Agents immobilier*, who have listings and show properties, are a good resource to help you locate suitable

housing. There is no multiple listing system, so be prepared to contact a number of different agencies to see the widest selection of available properties. Be aware that agents and agencies are protective of their listings, and you may have to sign a document ensuring that you will not contact listing owners independent of the agent. When choosing agents, try to get recommendations from colleagues or friends. If you cannot do this, look in the telephone directory yellow pages under *Agence Immobilière*. While some offer websites, it is important to keep in mind that properties presented there may not be the most current offerings.

Classified advertisements. Another useful resource for finding a home, if you plan to rent, are local publications with classified advertisements in English for long- and short-term rentals. You can also place an advertisement indicating that you are seeking housing, and provide your requirements. Fellow expatriates and colleagues may be able to assist with reading advertisements and crafting them.

Other resources. Another good source of information – about available properties, suitable neighbourhoods, and pricing – is the resident expatriate community. Also worth trying is your consulate or embassy, and local expatriate organisations such as clubs, schools, and churches.

To Buy Or Rent Housing

Buying a home. There are no specific regulations preventing foreign nationals from buying property in France. You will need to employ an experienced *notaire* to help you through the maze of documentation and regulations.



There are two costs to be particularly aware of when purchasing a house in France. First, you are responsible for all *notaire* and estate agent fees, which can total up to 15 per cent of the purchase price. Second, there is a capital gains tax of up to one third of any profit you make on the sale of a second home.

Inheritance and tax laws also need detailed consideration if you purchase a home in France. French law mandates precisely how an individual's estate must be split among surviving blood relatives, and beneficiaries must pay inheritance tax regardless of where they live. You should engage the services of a lawyer who is proficient in both inheritance and tax law.

Renting a home. Renting is common in France, and French law is designed to protect tenants' rights. Rents, particularly in popular locations, can be high. Most people consider three to four years as the cut-off beyond which it makes economic sense to purchase.

If you are renting, find out whether the owner of the building is an individual or a business. A business may be more impersonal, but will more likely have the resources to mitigate any problems.

Ask if there will be any construction or façade cleaning during your residency. If you have children, or want to keep the windows open for

ventilation, this can be a problem. Ask about extra living and storage space. A *chambre de bonne* – a small room under the roof used in the past for maids – is handy for guests or an office. The *cave* – basement storage – assigned to your apartment should be secure and well lit. A parking space, even a few blocks away, is also very handy.

Apartments are usually unfurnished — without appliances, storage cupboards, and sometimes even light fittings and curtain rods.

Rental prices vary widely according to the size and the location of the property. If it is in an apartment complex, an extra charge will be required to cover the maintenance of the common areas.

Documentation You are likely to be required to provide the following documentation:

- Your passport
- A letter from your employer attesting to your position and salary, or other proof of income
- French bank references, if possible. At minimum, an indication of where you intend to bank.

Leases and fees. Most unfurnished apartments have a three-year lease, unless the owner is a corporation, in which case the lease is written for six years. Specific legal provisions dictate these time periods.



For furnished apartments leases are shorter, possibly three or six months but generally one year with provision for renewal.

French law requires tenants to give landlords three months' notice by registered mail before breaking a rental contract for any reason other than a professional transfer, in which case one month is sufficient. What used to be known as a 'diplomatic clause' is now standard in any unfurnished rental, unless it is a company lease. If, at the time of the lease's termination, neither the tenant nor the landlord has given any notice to terminate the lease, it will automatically be renewed for the original time period. Be sure to give adequate notice if you wish to terminate the lease at the end of its duration.

A security deposit of two months' rent is normally required in Paris and other major cities, with the first month's rent payable at the time of signing the lease. It is often possible to buy fixtures that a departing tenant has installed. However, once fixtures have been removed by a departing tenant, you will have to replace them. Make sure to clarify these matters well in advance.

Agent's fees. Real estate agent fees range from 10-15 per cent of the annual rent in Paris and one month's rent in other areas. If the rental property is unfurnished, half the fee is paid by the owner and half by the tenant. If the rental is furnished or if the lease is in the name of a company, the tenant pays the entire amount. Occasionally, agencies insist that the entire rental commission is paid whatever the type of the lease, but this is negotiable.

Rent and other charges. There are a number of charges that are not built into the monthly rent for unfurnished rentals. These so-called 'premises charges' include payment for such services as the upkeep of the elevator, building cleaning and garbage collection. They

are accounted for once a year by the building management and are shared proportionately by the tenants. For example, elevator charges are higher for the tenant on the tenth floor than for the one on the first floor. Another charge not included in the monthly rent is a government-mandated *droit de bail*, which is a 2.5 per cent tax on the rent. For an unfurnished rental, total cost would be basic rent plus premises charges plus *droit de bail*.

For furnished rentals with a one-year renewable lease, monthly rents include the premises charge. An annual *taxe d'habitation* based on the rental value of the apartment is also levied. The occupant of the apartment as of 1 January of each year is responsible for this payment. Payments are billed in autumn. Tenants are charged for utility connection.

Inventory. Landlords will charge you for any damage to your rental property, so arrange for a complete inventory to be undertaken by a bailiff before moving in. A signed document should note all existing items and their condition. Another inspection will be done upon the tenant's departure, and the cost of any additional damage will be deducted from the security deposit.

Home insurance. French law requires that anyone occupying space in France be covered by property insurance. Such insurance, known as *multirisque habitation*, also covers personal liability for the insured party and his/her spouse, children and domestic animals. The insurance covers any fire or water damage originating from their apartment – not just for their own premises, but for the entire building. To obtain coverage for theft, the tenant may be required to install specific locks.



Buying A Home In France

Whenever you buy a property you must do your research to be sure you fully understand the market, have a clear idea of your budget and what would be your perfect property. Whether you are buying a holiday home or emigrating to work or retire in a market overseas this becomes even more important.

France is a great place to live and has many attractive apartments, houses and villas and if you ensure that you get the right independent advice and support a successful purchase will be achieved. The first thing is to be clear on why you are buying and what you are looking for:

- **Type of property** – villa, townhouse or apartment; modern, traditional or rustic?
- **Location** – resort on the coast, quiet coastal village, inland or hillside with a view, among other expats or not?
- **Size and facilities** – how many bedrooms (enough for you and for visiting family and friends), individual or communal swimming pool, land, garden or shared facilities?
- **Local facilities** – how near the shops, bars, beach, pharmacy, medical facilities or hospital, schools?
- **Market** – what is the market like for letting the property, if required, and what about resale if it is planned or becomes necessary?

It is worth discussing all of these issues and any others to be sure you're clear on all of your requirements before you begin looking at what is available. Most people start their search online.

Once you have an idea of what is available it



is well worth visiting your planned destination. Even if you have spent many holidays in your planned new home, consider going at a different time of the year, such as out of season, so that you get a good idea of what it will be like to live there full time. There are many buying visits available from major agents and these can be a low-cost option and a great way to see a wide range of properties quickly. Choose a reputable agency and be prepared for a significant level of persuasion.

Financing Your Purchase

Before you decide on a property you need to be clear on your budget. You need to know what funds you have available, what you can raise by sale and through a mortgage as well as all of the costs involved in buying a property (allow at least 10 per cent of the purchase price). Only then can you be sure what you can spend on the purchase together with any improvements required or planned, and furnishing and equipping your new home. If you are a cash buyer it may help you to secure an overseas property quickly, but it is not without risk.

If you have sufficient equity in your existing property you may be able to raise the funds through a second mortgage. This is a familiar source of finance but opens exchange rate

and other potential risks. It is still essential in either case to take professional advice to ensure that an independent valuation of the property is carried out and that legal advice from a reputable lawyer ensures that you are buying correct title to a property and that you are being registered as the owner.

If you need to raise finance to fund the investment, you should seek finance arrangements early in the process so that you can identify the best prices, and by identifying your source of finance you can establish yourself as a serious buyer by obtaining 'Approval in Principle'. This can strengthen your negotiating position and ease the overall process.

With a large number of repossessed properties available, whether a new property where the

developer has defaulted or a property owned privately, you can often get attractive finance terms from the bank selling it. This can be a further attraction of such opportunities, but you must ensure you fully understand the terms offered.

Overseas Mortgages. Taking out an overseas mortgage is an increasingly popular option with growing availability of providers and an increasingly competitive market. You should use a specialist broker to identify suitable lenders as they will know who is offering the best rates and terms and will be aware of local customs and practices that you might not be aware of. This can save you time, cost and effort, and there may also be tax advantages.

- The lender will have to do its own checks on the property, carrying out a valuation of



the property, verifying that a proper legal title exists and that the property is properly registered in your name. This can be a real advantage of this approach.

- There are advantages in having your asset and finance in the same currency, but this may be offset if the income that will fund repayments is in your home currency. Overall you will need to identify and manage any currency exposure.
- Each country will have its own customs and practices, national and local laws and foreign exchange requirements. It can be a long and complicated process if it's not managed properly. Many providers today will not use set criteria as a base for their decision, but will look at each individual case, including the type and location of the property you plan to buy.
- Details about your income and outgoings will be required and so it will be important to have your details of your accounts easily available to demonstrate a satisfactory debt-to-income ratio or that you satisfy their affordability expectations. If you are self-employed, you can still apply for an overseas mortgage but you will need to have at least two or three years' audited accounts and tax returns, and your last three to six months' personal bank statements. Sometimes an accountant's reference will be required. If you have retired and are on a pension it will be necessary to check any upper age limits. Advice from a specialist broker will help to source a mortgage to suit your individual profile. Any past credit issues may make it more difficult to obtain an overseas mortgage as lenders like to see proof of a sound financial history. Offers will be dependent on your individual situation so you should seek advice.



Foreign exchange risks. Mortgages in the same currency as you are using to purchase the property can provide advantages and in some cases better value. If you are purchasing a property and plan to rent it out, the rental income will typically be in the local currency. If the rent received is used to service the monthly mortgage payments, this will avoid currency risks and associated costs. Even small changes in exchange rates can make a big difference to the purchase price of your overseas property, your monthly mortgage payments or future rental income. Generally speaking, it makes sense that an overseas mortgage and the income used to service the mortgage repayments are in the same currency, thus avoiding exchange rate issues.

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SCAN ME



House-Buying Process

The property buying system in France is completely different to what you might experience elsewhere. It is better regulated than in many countries, making a purchase safer, but more expensive.

By Christopher Nye

For a start, agents (*immobilier*) are licensed. They will have a *Carte Professionnelle*, be professionally insured and work under the *Loi Hoguet*, their code of conduct. They may well be within a professional body such as the FNAIM, with its own additional rules.

Agents charge the seller around 5-7 per cent of the price, which is usually included in the advertised price. Being such a high percentage, many sellers opt to sell privately with an *A Vendre* or *AV* sign.

Mortgages of up to 85 per cent loan-to-value are available from the big French banks, some international banks such as HSBC and Barclays, the French post office (La Poste) and 'mutual' banks such as *Crédit Agricole* and *Crédit Mutuel*, with interest rates historically lower than in the UK.

On top of the purchase price, allow for 7-10 per cent in fees and taxes, including the *notaire's* fees of around 1 per cent.

When you are ready to look, you have three main options. Firstly to drive around the area looking for *A Vendre* signs and knocking on doors. Secondly, to visit local estate agents in their premises or websites and make contact. Thirdly, to sift through a 'portal'. These are sites listing thousands of properties from hundreds

of agents. The biggest portal in France is www.seloger.fr but there are also British-run portals such as www.1st-for-french-property.co.uk. When you see what you like you will be directed through to the relevant agent.

When you find what you like, make an offer. Even a verbal offer is generally regarded as binding, but it is best to make the offer in writing. Many French buyers will not use a lawyer, but at the very least as a foreigner in unfamiliar territory you should appoint your own *notaire*. Don't forget, the agent is working for the seller, not the buyer.

Do not pay any deposit at this time. Before the sale proceeds the seller will have to pay for certain tests – the *Dossier de Diagnostic Technique* (DDT) – covering such concerns as asbestos, energy efficiency and termite infestations.

Most sellers will wait to receive an offer before doing these, which often replaces a survey when locals buy from each other. Many non-French buyers, however, will want a proper structural survey.

With the offer accepted and tests completed, you will be asked to sign the *compromis de vente*, drafted by the agent or *notaire*, and pay a 5-10 per cent deposit to the agent or *notaire*. The *compromis* will be binding subject to agreed conditions, such as a mortgage being secured or planning approval. After signing you have a seven-day cooling-off period during which you can withdraw via a registered letter and get your deposit back.

Around 8-12 weeks later the *acte de vente*, completion, should be ready. You will sign this at the *notaire's* office, having transferred the remainder of the purchase price and insured the property. On signing you are given the keys.

Passports & Visas

Passport and visa requirements are subject to change, particularly for Britons as the Brexit process unfolds. Use the following information only as general guidelines.

The embassy or consulate is the best source for current, detailed requirements. Allow plenty of lead time to obtain detailed information and prepare the requisite credentials. Except for EU nationals, all citizens require a passport with three months' validity to enter France. EU nationals may present a valid national ID card instead.

Visas. Visa procedures for France are complicated and, as with all countries, changes do occur. The French Ministry of Foreign Affairs is your best source of current, detailed information. Holders of US, Canadian, British and other European Union passports do not need visas for stays in France of up to three months. EU nationals do not need visas to live or work in France. Other passport holders may need to apply for appropriate visas. Visas and working papers must be obtained before you leave your home country. Residence cards are obtained after your arrival in France. Together, these papers represent the terms under which you may reside and work in France. Be aware that documents needed for official purposes often have to be translated into French.

All foreign visitors on short-term stays must report to the local police within eight days of arrival. If you are staying in a hotel, the management usually handles this matter automatically. For important, detailed information on entry requirements in France, the appropriate embassies, consulates, and



online visa information databases are essential resources.

Residence permit. Anyone intending to reside in France for more than three months, except for holders of the long-stay multiple-entry visa, must apply for a *titre de séjour* – residence title. There are two types of cards – the *carte de séjour* and the *carte de résident*.

A *carte de séjour* can be obtained from a French consulate in your home country prior to departure or from the French police – *préfecture de police* – following your arrival. It is valid for one year and is renewable for six months. If you do not obtain this before arriving in France, you must do so as soon as possible after your arrival. Cards will also be processed for your spouse and children. Your *carte de séjour* serves as your identification while you are in France. It should be carried at all times. If it is lost or stolen, you should report it to the police as soon as possible.

A *carte de résident* provides more permanent status. It is issued for a ten-year period and is automatically renewed. It is also a work permit in itself. Spouses of French citizens may obtain a *carte de résident* immediately, but others must first obtain the *carte de séjour* and then wait for a specified number of years to be eligible.

Schengen visa. The Schengen agreement is a treaty providing for the removal of systematic border controls between participating countries. There are now 26 countries in the Schengen zone: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and Switzerland issue Schengen visas for short-stay travellers.

- If visiting one Schengen country, the visa should be obtained at the nearest embassy or consulate of this country.
- If visiting a number of Schengen countries, but staying in a single country for a longer

period than the others, the visa should be obtained from the main destination's embassy or consulate.

- If visiting a number of Schengen countries without a main destination, the visa should be obtained at the embassy or the consulate of the first destination.
- Visitors can travel freely for a cumulative stay of six months between the participating countries.



Healthcare

France's healthcare requirements are largely similar to those in most other European countries.

France is a world leader in medical science and standards are among the highest in the world. Hospitals are generally clean, efficient and well equipped. Medical specialists are plentiful, and waiting lists for treatment short.

The system consists of both state-operated hospitals, required to treat all patients regardless of their ability to pay, and private facilities. Private hospitals or clinics are preferred by expatriates for elective surgery despite their high fees. Medical staff there will almost certainly speak English.

For any major treatment, whether elective or not, it is wise to shop around and to compare the costs. It may also be worth considering treatment outside France.

Many hospitals have 24-hour emergency facilities. You should note your nearest one in case of emergency. Maternity facilities are generally good, and accept new mothers for stays of between five and 14 days. If you need emergency assistance at home you can call either the fire department – *pompiers* – or SAMU, *Service d'Aide Médicale d'Urgence*, a combination of fire and ambulance service well trained to deal with medical emergencies. SAMU will send a fully equipped ambulance for transportation to the most appropriate hospital. You will be billed by either of these services, but you can seek social security or insurance reimbursement.

Resident foreigners legally working in France and their families are eligible for the French national health insurance system, *sécurité sociale*. Supplementary medical insurance is

also available from groups called *Mutuelles d'Assurances*.

Physicians. The major cities, including Paris, have many skilled physicians, a number of whom make house calls. English-speaking physicians are numerous but tend to charge high fees. A list of English-speaking physicians, both general practitioners and specialists, can be obtained from your embassy or consulate. Alternatively, ask colleagues and other expatriates for recommendations.

PUMA. In January of 2016, a new, universal system, known as *Protection Universelle Maladie* (PUMA), which grants an ongoing and automatic right to healthcare to all France's legal residents, including foreigners, was introduced.

Coverage for all is assured, which means anyone who has permanent residency, has lived in the country for a period of three consecutive months and intends to settle in France is eligible to apply for free public healthcare coverage. This revision is very encouraging news for expatriates, especially those who are looking at France as a retirement option.

Another advantage of PUMA is that it equalises the rights of EU and non-EU citizens applying for their health insurance card (*carte vitale*). In the past, EU nationals had to wait for five years before they were eligible.

The majority of retirees using the French public healthcare system pay 8% of their net income towards their coverage. In 2016, the minimum threshold for an individual was set at € 9,611, with 8% due on any income over this amount.

This will allow you a 70% reimbursement for any doctor, dentist or specialist fees. You are also entitled to a reimbursement on about 80% of hospital costs and 100% of medication costs.



Choosing A School



In most areas of France, there are several types of schools from which expatriate families can choose.

International schools. When deciding between a French school and an international school, parents have several factors to consider. A local school offers the advantages of acquiring fluency in French, broader acquaintance with French children and their culture. Young children typically adapt well to the French system, becoming comfortable within a matter of months. For older students, the adjustment takes longer and the impact of a year or more in a foreign system is likely to have a much greater affect on their reintegration into schools at home, or qualifications for college entrance.

The teaching at most international schools is based on the British or American educational system while giving an overlay of French or other European content. Many offer the International Baccalaureate. Each school needs to be evaluated on the basis of its curriculum and the educational history of your student. Most short- to medium-term expatriates choose international schools for the ease of adjustment and continuity. A particular advantage of the international schools when compared to the French public schools is

that they typically offer a wider range of after-school and enrichment programs.

Local school system. All children in France are entitled to a free public education from the age of six to 16. Almost all schools are co-educational. Age groups are as follows:

- *écoles maternelles*: 2 – 6 years
- *écoles elementaires*: 6 – 11 years
- *Colléges*: 11 – 15 or 16 years
- *Lycées*: 15 or 16 – 18 years.

Foreign children living in France have a legal right to be educated at French public school. Students in any given public school must live in the designated catchment area or residential zone for that school. If you intend to send your children to a French public school, it is important to identify the school you prefer and locate your new home in the appropriate area. A list of local schools can be obtained from the town hall, or *mairie*, where you plan to live.

The national curriculum is determined by the French government, and includes little or no foreign language teaching. School hours are longer and homework more time-consuming by comparison with many other countries. There are five terms in each school year, separated by four vacations. Much of the classroom learning is by rote.

Documentation you will be expected to provide before obtaining a place at a French public school will include: proof of residence, child's birth certificate, parents' marriage certificate, transfer letter from the child's previous school.

Personal Finance



France has a reputation as a high tax jurisdiction and while President Hollande was in power, some wealthy French nationals chose to move to the UK and Portugal, enticed by their fiscal sweeteners.

But France can be a tax efficient place to live for retirees, providing you understand the tax implications of your specific situation and obtain specialist expatriate tax advice.

You are considered tax resident if your main home (*foyer*) is in France. You would also be considered a tax resident if you either spend more than 183 days in France during the French tax year (the calendar year), if you spend more time in France than in any other country, if your principal activity is in France,

or if France is home to your most substantial assets.

Many of France's taxes sound the same as ones you may be familiar with in the UK, but they are calculated completely differently. There are some that do not exist in the UK, such as wealth tax, and, for some, healthcare charges.

Are your investments tax efficient for you? Income derived from ISAs, PEPs and Premium Bond wins are free of tax for UK residents – but only when you are resident in the UK. If you move to France, all such investments are subject to French tax, so it is important that you take all this into account with your advisor when planning your move.

All investment income – including capital gains when you sell shares and securities – face a big tax burden if you do not structure how you hold them in the most efficient way.

To reduce taxable income, most French people invest via tax-efficient financial vehicles available to residents of France. They can also help minimise wealth tax, estate taxes, and are beneficial for French succession law purposes.

Exit tax. France recently introduced an exit tax on the value of certain assets like stocks and shares. The same French compliant structures used to reduce income tax, capital gains tax, wealth tax and succession taxes will also reduce your exposure to any exit taxes if at some point in the future you decided to leave France.

Succession tax. French succession tax works differently to UK inheritance tax and French succession law dictates how your French estate is divided among your heirs.

If you are a resident non-married couple it is possible to enter into a French civil partnership (or PACS), which will reduce your French inheritance taxes. From April 2009, a new, retrospective law was introduced to recognise civil partnership entered into in a country other than France.

Since 2015, new EU Succession Regulation means British nationals who live in France can choose to apply UK succession law to their assets in France, rather than the French forced heirship rules if they elect for this in their French will – but French succession tax will still be payable by each respective heir on what they receive. It is also the case that in these particular circumstances, the UK's exit from the EU will not change the application of these rules.

The level of French succession tax payable is determined by the size of the estate, the amounts bequeathed to each beneficiary, and the relationship of the beneficiary to the deceased – the more distant the relationship, the quicker the acceleration of tax rates, with



often a higher maximum percentage – anything up to 60%.

France and the UK have a double taxation agreement for inheritance tax (one of only 19 the UK has), so if you retire to France, any non-UK property, bank accounts or assets avoid UK inheritance tax at 40% (though UK IHT will be payable on UK situs assets). This treaty lays down a basis of rules in dealing with cross-border estates.

Wills. Wills are a complicated area. A UK will may be effective in France, but it can be a costly process to get it translated and notarised before going through the French probate process. Equally, though, a French will may inadvertently revoke an existing UK will, or be at odds with it, giving a huge headache to your executors.

Take the right advice in advance and your UK and French wills will be complementary. This will aid your executors in quickly passing your assets onto heirs and paying any estate taxes due in each jurisdiction.

Wealth tax. You will pay wealth tax (ISF) at rate of 0.5% rising to 1.5%, as an annual tax on your assets. If you have taxable assets, like property and shares, worth in excess of €1.3m, you will liable to ISF, but the liability will then be calculated on your assets worth over €800,000.

For the first five years of French tax residence, you will be taxed only on the value of your French assets. From year six, your worldwide assets will be liable. “If you don’t import your assets to France and those assets are worth less than €1.3m, you are exempt for the first five years – and that may soon become eight years,” says Rob Kay from Blevins Franks on the Cote d’Azur. “If you are moving from the Middle or Far East to France, to avoid UK CGT on those assets you can sell them and transfer the proceeds into a non-French structure, such as a Luxembourg investment vehicle, used commonly in France.”

Being unprepared for wealth tax can prove to be a costly mistake – and the time to start tackling the issue is before you arrive in France.

Occupant tax. Once resident in France, you will need to pay occupant tax (*taxe d’habitation*) on the property you live in, whether you own it or rent it. The rate is set by local governments, applied to the official land registry rental value, and paid yearly.

Property tax. Property owners pay an annual property tax (*taxe foncière*). This, too, varies from commune to commune and is based on official land registry rental values.

Selling a property. If you are a French tax resident and sell a UK property, you will be subject to French capital gains tax at 19%, plus 15.5% social charges, though the tax payable will be discounted for the length of time it has been held. You could also be liable for UK capital gains tax. The UK-France tax treaty should mean double taxation is avoided, with a credit for the tax paid in the UK (up to 28%) against the French tax liability – though with no set-off against the social charges.

There are exemptions for the main home in both the UK and France, but these rules are

complicated and differ in each jurisdiction, so you may get relief in one but not the other.

Social charges. French income tax and capital gains tax are not the only regular annual taxes faced by those with earnings, pensions and investment income. France has another layer of taxes, known as the ‘social charge’, which is actually made up of five different taxes. They now raise more than income tax, and are payable at a rate of 15.5% on all forms of investment income, including interest, gross dividends, rental income and capital gains, and at a rate of 7.4% on pension income.

Retirement & Pensions

EU residents. Social security contributions made towards a state pension in any EU country count towards a state pension in any other EU country. A UK state pension can be paid to you by the UK authorities and paid into a French or UK bank account. Unlike in some countries, and while the UK remains part of the EU, the amount you receive is index-linked and increases in line with inflation rates in the UK.

UK citizens can also benefit from ROPS (Recognised Overseas Pensions Scheme), to which you can transfer UK pension funds and mitigate having to pay UK death taxes on the fund.





Banking In France

There is a good selection of retail banks in major French cities, offering a full range of personal local banking services with comparable fees. Note that some banks make an additional charge for online banking. Several major international banks have branches in Paris.

You may also want to consider opening an account with La Poste, the French postal service. La Poste offers most personal banking options.

Most expatriates find that a local French chequeing account is essential for daily life. To open an account, you will need a passport and proof of legal residence in France, such as a telephone or electricity bill, or a copy of your lease. A letter of introduction from your home bank is also useful. You may also be required to provide proof of your earnings. You should request a debit card or *carte bleue*, and a cheque book. Both items may incur a one-time fee, but having them will allow you easy access to euros at all times.

Don't expect interest to be paid on your balances. You must open a separate savings account for interest bearing deposits.

When you open an account, you will be given a *relevé d'identité* (RIB), a bank identification form with your account number and sort code. This slip will be used when setting up direct debits for paying bills, or for arranging payments to be made to your account.

Cheques may not be endorsed to third parties. Used cheques are not returned to you with your statement, nor will you receive a statement if there has been no activity on your account. Cancelled cheques are not returned at the end of the month. Instead, keep track of your expenses on the stubs in your cheque register. This is important, as it is a criminal offence to write a cheque if there are not adequate funds in the account to cover it. Cheques may only be cancelled if lost.

The new UK pensions freedoms mean you can encash the whole of a UK private or company scheme in one, single payment. If you decide to take this route, France would have the taxing rights under the UK-France double tax treaty. Therefore, no tax should be payable in the UK, and in France you would only be subject to 7.5% income tax (plus 7.4% social charges which are waived in the majority of UK national cases). So, it might suit you to take this payment once you have become tax resident in France.

Currency

The euro, €, is the official currency of France. The physical currency is made up of seven notes – 5, 10, 20, 50, 100, 200, and 500 and eight coins – 1, 2, euros and 1, 2, 5, 10, 20, 50 cents. A euro is divided into 100 cents.

Euro coins issued in France have the common European design on one side and a tree contained in a hexagon and surrounded by the motto of the Republic, Liberté, Egalité, Fraternité on the other. All euro currency, including French euro coins, can be used throughout any of the additional 16 other European countries participating in the European Monetary Union. These are Austria, Belgium, Cyprus, Estonia, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Malta, The Netherlands, Portugal, Slovakia, Slovenia, and Spain. The French franc, the country's former national currency, is no longer legal tender.



