

FRANCE AT A GLANCE 2026 EDITION

INCOME TAX RATES

Single person income bands	Rate	Tax on band	Cumulative tax
€0 – 11,600	0%	Nil	Nil
€11,600 – 29,579	11%	€1,978	€1,978
€29,579 – 84,577	30%	€16,499	€18,477
€84,577 – 181,917	41%	€39,909	€58,386
Greater than €181,917	45%	–	–

Investment income is taxed at a flat rate of 31.4% (this includes social charges of 18.6%)

Parts (The tax bands are widened for married couples and households with children)	Number of parts
Single person	One part
Married couple	Two parts
Couple with one child	Two and a half parts
Couple with two children	Three parts
Couple with three children	Four parts

HIGH INCOME EARNERS - ADDITIONAL TAXES

Single person income bands	Married couple income bands	Rate
€0 – 250,000	€0 – 500,000	0%
€250,000 – 500,000	€500,000 – 1,000,000	3%
Greater than €500,000	Greater than €1,000,000	4%

Minimum 20% tax

High-income households (€250,000+ for singles, €500,000+ for couples) with an overall tax rate below 20% are subject to an additional tax. This measure aims to increase the tax burden on these households to not less than 20% overall.

PAYROLL TAXES

Under the French system both employees and employers must pay substantial contributions to the social security and pension authorities calculated on the basis of monthly salary slips. By way of examples:

Gross annual salary	Employee deductions	Employer contributions
€22,000	21%	10%
€50,000	21%	35%
€100,000	21%	45%

The employer contributions are in addition to the employee's deductions.

Payment of income tax at source (French P.A.Y.E. system)

All sources of earned income are subject to deduction of income tax at source. Employers have to deduct income tax on monthly payslips of employees. Self-employed taxpayers and rental landlords suffer direct debits to their bank accounts. Taxes are paid on a current year basis, with an annual calculation of any over- or under-payments.

IMPATRIATION SCHEME

France operates a special tax regime designed to attract highly skilled foreign professionals to contribute to its workforce. Eligible individuals who become tax residents of France benefit from:

- 1) Either an exemption from income tax of the specific impatriation bonus or additional salary paid for coming to work in France; or a flat-rate 30% deduction from their total French taxable income.
- 2) Exemption for remuneration relating to work carried out abroad.
- 3) The total exemptions from income tax (1) and (2) above, are limited to either: a) 50% of the total remuneration; or b) Tax-exempt salary from overseas work is capped at 20% of the French taxable earned income, excluding impatriation bonus.
- 4) Exemption from income tax (but not social contributions) on 50% of the amount of passive income i.e. dividend income, royalties, rents etc. and capital gains realised from the disposal of investment securities.

To qualify for these benefits, individuals must meet specific conditions, such as not having been a tax resident in France in the preceding five years and being hired by a French employer through either an intragroup transfer or direct recruitment abroad. The regime applies to the years during which the individual is tax resident in France for a maximum eight-year period.

MICRO-ENTREPRENEUR

Start-up businesses may opt for this regime whereby they pay income tax and social security contributions based on a fixed % of their actual sales receipts. The system precludes the making of tax losses for set off against future profits. Micro-enterprises are not liable to VAT until their turnover exceeds € 85,000 (Goods) or € 37,500 (Liberal professions).

	Resident in France				Non-French residents	Non-French resident EU citizens
	Income limit	Expenses deduction	Income tax	Social contributions		
Unfurnished lettings	€15,000	30%	Marginal rate	12.3%	30% +17.2%	30% +7.5%
Furnished short term lettings	€15,000	30%		21.2%	30% +18.6%	30% +7.5%
Accredited tourist rentals	€83,600	50%	Marginal unless qualification for optional flat rate (lower income households)	6.0%	30% +18.6%	30% +7.5%
Other furnished residential lettings	€83,600	50%		21.2%	30% +18.6%	30% +7.5%
Liberal professions	€83,600	34%		23.2-25.6%	30% + social contributions	
Trading in goods	€203,100	71%		12.3%	30% + social contributions	

NEW 20% TAX ON PRIVATE HOLDING COMPANIES

For accounting periods ending on or after 31 December 2026, a 20% tax will apply to corporation-tax paying private holding companies with total assets exceeding €5 million, where more than 50% of operating and financial income is passive (e.g. dividends, interest, rents), and which are directly or indirectly controlled (≥50%) by an individual and their immediate family.

Scope

French companies subject to corporation tax; foreign companies subject to corporation tax which have a controlling French resident shareholder.

Rate

20% of the market value at the balance sheet date of qualifying non-business "luxury" assets.

Luxury assets include residential property reserved for shareholder use (unless let at market rates), yachts, aircraft, non-business vehicles, jewellery, precious metals, racehorses and wine.

	French company	Foreign company
Tax paid by	Company	Qualifying French resident shareholder
Declared on	Corporation tax return	Income tax return
Taxable base	Market value of luxury assets held by company at balance sheet date	French resident shareholder's % share of luxury assets at balance sheet date
Capping	No. Also, this tax is not deductible for corporation tax purposes.	Yes (combined total of income tax and private holding tax is capped at 75 % of worldwide income)

FOREIGN FIRMS ACTIVE IN FRANCE

There is no longer the requirement to appoint a French resident representative to carry out the legal obligations relating to the declaration and payment of social security contributions. The foreign firm now has to register with the e-procedures portal INPI or via <https://formalites.entreprises.gouv.fr> link to the INPI in order to comply with its social security obligations. Normal French employment law applies to the employees of foreign firms.

SOCIAL CHARGES ON UNEARNED INCOME

In addition to income tax, France levies social charges on unearned income. The applicable rate now depends on the type of income.

The combined rate of social charges on furnished rental income, investment income and capital gains on financial assets increased to 18.6% (compared with 17.2% previously). For investment income, this rate applies from 1 January 2026 when tax is withheld at source and from 1 January 2025 where tax is not withheld at source.

However, the rate remains at 17.2% for certain types of income, including unfurnished rental income, capital gains on real property and withdrawals from assurance vie contracts.

Non-residents pay social charges on French source rents and gains on property sales. The rate for non-resident EU citizens is 7.5%.

CORPORATION TAX RATES

	% Rate
General case	25%
Small companies (turnover less than €10 million; owned ≥75% by individuals)	
1st €42,500	15%
Balance of profits	25%

VALUE ADDED TAX

	Resident	Non-resident
Standard rate	20%	20%
Rate on building work (for buildings more than 2 years old)	10%	10%
Lower rates (applies to electricity, books, food, medical supplies, equipment for the handicapped, imported art works).	5.5%	5.5%

FRANCE AT A GLANCE 2026 EDITION

CAPITAL GAINS TAX													
Real property	Basic			Social charges			Additional tax on real property gains			Social charges			
General case	19%			17.2%			Gains less than € 50k			0%			
Non-resident EU Citizens	19%			7.5%			Gains between € 50k – 260k			2%-5%			
Resident of a non-treaty country	75%			17.2%			Gains over € 260k			6%			
Average net tax rates													
Taper relief applies to relieve the taxable gain. The combined effects of the taxes and the tapering give overall tax rates as follows:													
Years of ownership	0-5	6	7	8	9	10	11	12	13	14	15	16	17
Overall tax rate	42.2%	40.4%	38.6%	36.8%	35.1%	33.3%	31.5%	29.7%	27.9%	26.1%	24.4%	22.6%	20.8%
Years of ownership	18	19	20	21	22	23	24	25	26	27	28	29	30
Overall tax rate	19.0%	17.2%	15.4%	13.7%	12.4%	10.8%	9.3%	7.7%	6.2%	4.6%	3.1%	1.5%	0.0%
Quoted stocks and shares													
										Total	Basic	Social charges	
Residents										31.4%	12.8%	18.6%	
If the taxpayer elects to pay tax at his marginal rate, the following reliefs are available:													
- Years of ownership										1-2	3-8	8+	
- Taper relief										0%	50%	65%	
Non-residents – not liable to either basic CGT or social charges.													
Social charges of 18.6% apply from 1 January 2026 if tax is withheld at source, or from 1 January 2025 if tax is not withheld at source.													

PROPERTY WEALTH TAX		
Wealth tax (IFI) is calculated on the market value of the taxpayer's property assets less related loans and liabilities as at 1 January each year.		
	Resident	Non-resident
Basis of assessment	Worldwide properties	French properties
Threshold of liability	€ 1.3 million	€ 1.3 million
Tax bands	Rate	Cumulative tax
€0 – 800,000	0%	Nil
€800,000 – 1,300,000	0.50%	€2,500
€1,300,000 – 2,570,000	0.70%	€11,390
€2,570,000 – 5,000,000	1.00%	€35,690
€5,000,000 – 10,000,000	1.25%	€98,190
Above €10,000,000	1.50%	–
Principal deductions and exemptions	Resident	Non-resident
Main residence	30%	n/a
Charitable giving		
Loans for the specific purpose of purchasing property (special conditions apply)		
New residents in France are liable to tax only on their French situs assets for the first five years of residence. Assets outside France are exempt during that period.		
Total wealth tax and income tax cannot exceed 75% of a French resident's worldwide income.		

DUE DATES FOR TAX RETURNS	
Income tax and property wealth tax return	Date
French residents submitting paper returns (first returns and income less than €15,000)	19 May
Residents and non-residents (electronic submission) - latest date	4 June
Other taxes	Date
Capital gains tax on properties	On date of completion of sale
3% tax on companies owning French land and buildings	15 May
Corporation Tax: year end 31 December	5 May
Corporation Tax: for all other accounting periods	3 months after accounting period end
SCI (Sociétés Civiles Immobilières)	5 May
Estate tax return	Six months after the date of death (12 months for non-residents)
Trusts	Date
Changes to trust terms and other significant events e.g. capital distributions (Trust 1)	Within one month of the event
Annual return of trust assets (Trust 2)	15 June

TAX AUDITS*		
The time limits given to the French tax administration for commencing tax investigations in the absence of fraud are:		
Tax	If return made on time	In absence of a return
Income tax	3 calendar years preceding current year	10 years
Corporation tax	3 calendar years preceding current year	10 years
Wealth tax	3 years	6 years
Estate tax	3 years	6 years
3% tax	3 years	6 years
VAT	3 years	10 years

GIFT AND ESTATE TAX		
Exempt bands:	Resident	Non-resident
Transfers of property between spouses on death	Fully exempt	Fully exempt
Lifetime gifts between spouses	€80,724	€80,724
Lifetime gifts to children per parent per child	€100,000	€100,000

These exemptions are renewed every 15 years

Tax bands	Gifts to children rates	Gifts to spouses rates
€0 – 8,072	5%	5%
€8,072 – 12,109	10%	10%
€12,109 – 15,932	15%	10%
€15,932 – 31,865	20%	15%
€31,865 – 552,324	20%	20%
€552,324 – 902,838	30%	30%
€902,838 – 1,805,677	40%	40%
Excess	45%	45%

STAMP DUTY ON SALES OF LAND AND BUILDINGS	
On a typical purchase of French real estate the duties and taxes payable by the buyer are:	
Stamp duties (rate depends on the location of the property)	5.81% – 6.3%
Notary fees	1.10%
Estate agent fees	2% – 5%

ELECTRONIC INVOICING REFORM		
The French electronic invoicing reform concerns all businesses within the scope of VAT established in France. Businesses must exchange invoices and report certain transaction data electronically through authorised platforms, called <i>plateformes agréées</i> . The reform combines two mechanisms: electronic invoicing (e-invoicing) and electronic reporting (e-reporting). The purpose of the reform is to improve VAT compliance.		
The reform will be implemented according to the size of the company, based on the following timetable:		
Businesses concerned	Obligation	Date
All persons within the scope of VAT who are established in France	Mandatory receipt of electronic invoices	1 September 2026
Large and medium sized companies	Mandatory issuance of electronic invoices	1 September 2026
Very small companies / Small and medium sized companies / micro-entrepreneurs	Mandatory issuance of electronic invoices	1 September 2027
Individuals and civil companies which are not carrying on a business, as well as overseas companies that are not established in France, and charities are not concerned by the reform.		

FOREIGN EXCHANGE RATES		
Bank of France exchange rates were as follows:		
	US\$:Euro	Euro:£
At 31.12.2025	1.1750	1.1460
Average rate 2025	1.1293	1.1678
At 31.12.2024	1.0389	1.2060
Average rate 2024	1.0821	1.1814