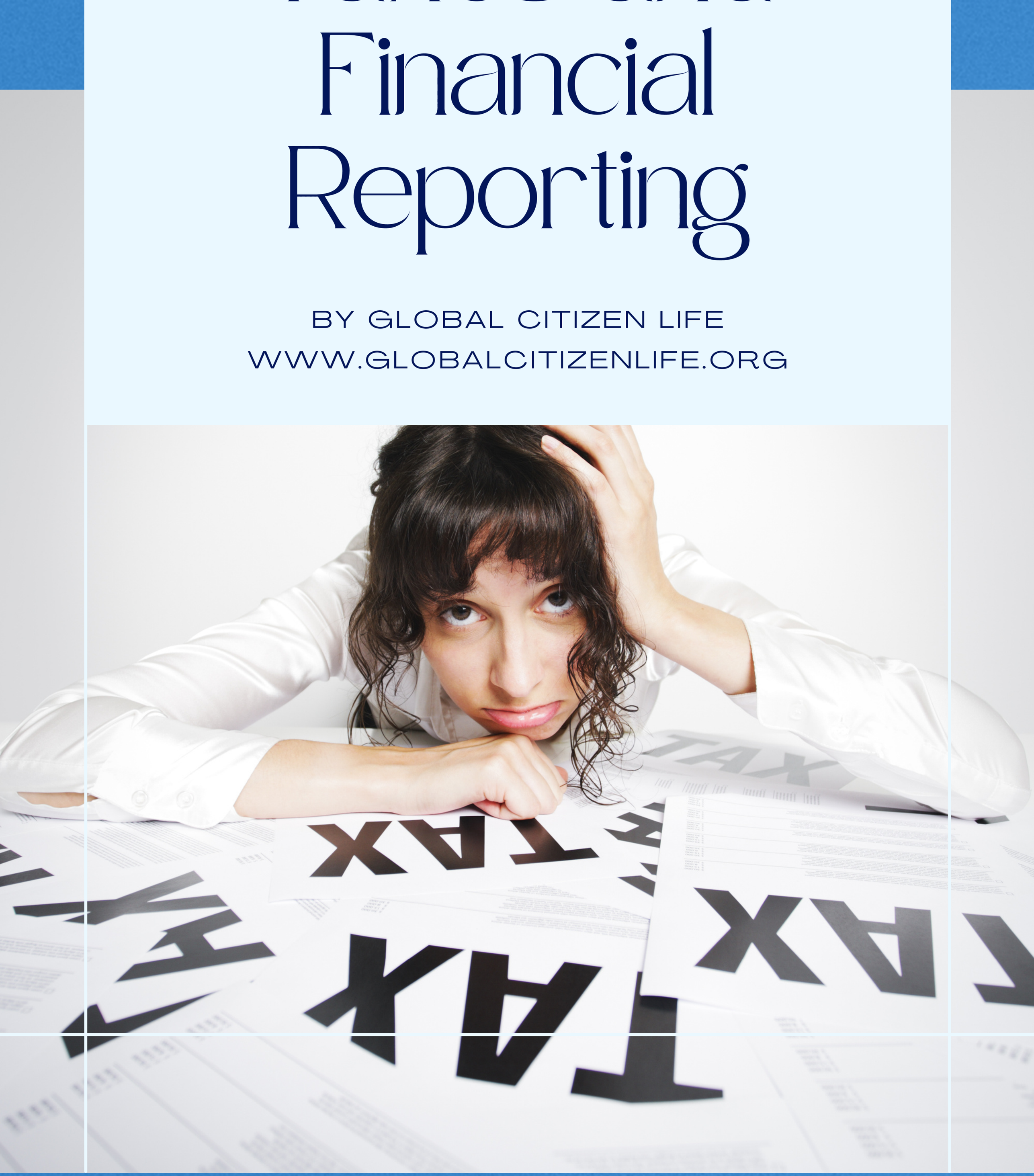
Taxes and Financial Reporting

BY GLOBAL CITIZEN LIFE

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Introduction to French Taxes and Global Financial Reporting

One of the most misunderstood and frequently neglected aspects of moving abroad is taxation. Many people assume that once they physically relocate, their tax obligations in their home country disappear and that integrating into a new tax system is as simple as checking a box. Unfortunately, nothing could be further from the truth.

France has one of the most structured and far-reaching tax systems in the world, with detailed requirements around both domestic and global income, assets, and residency status. Failure to comply can result in steep penalties, audits, or long-term complications. That said, with the proper knowledge and preparation, France can also offer favorable options for tax optimization—especially for retirees, business owners, and investors.

This module will walk you through:

- How and when you become a French tax resident
- What kinds of income and assets must be declared
- France's double tax treaties with countries like Canada, the U.S., and the UK.
- How to legally exit your home country's tax system
- Which taxes you'll pay in France, and how to strategically reduce them
- The importance of working with international professionals for long-term compliance

We'll also help you distinguish between legal residency (your right to stay in France) and tax residency (where you're fiscally obligated). These are often—but not always—connected, and misunderstandings here can lead to costly mistakes.

Whether you're planning to retire in France, work remotely, run a business, or diversify your international investments, understanding how taxes apply to your personal scenario is essential. Tax strategy isn't something to be done once you arrive—it should ideally be considered before you move.

We'll begin with the foundational concept of tax residency—what it is, how it's determined in France, and how it differs from legal residency.



UNDERSTANDING TAX RESIDENCY IN FRANCE

What It Means to Be a Tax Resident in France (and Why It Matters)

Before we can talk about French taxes, filing requirements, or financial planning, it's essential to understand what makes someone a tax resident of France. This is one of the most important (and often misunderstood) concepts for expats, and getting it wrong can lead to double taxation, missed deadlines, or non-compliance with two governments at once.

What Defines Tax Residency in France

In France, tax residency is not determined solely by your visa or immigration status. Instead, it's based on your center of life and economic interest. The French tax authority (DGFiP) uses several criteria to determine if you are fiscally resident in the country. According to Article 4 B of the French General Tax Code, you are considered a French tax resident if you meet any one of the following:

1. Your habitual residence is in France — This means France is your main home, where you spend most of your time (even if you travel often).
2. You spend more than 183 days in France in a calendar year, which is the classic benchmark used worldwide.
3. Your principal place of economic activity is in France — For example, if you run a business, have a job, or manage income-generating assets based in France.
4. Your spouse and/or dependent children reside in France — This is particularly important for families where one parent travels or lives abroad.

You only need to meet one of these conditions to be considered a tax resident. This means that even if you're still considered a tax resident of your home country (e.g., the U.S. or Canada), France may still classify you as a resident for tax purposes if one of the criteria applies.

Legal Residency vs. Tax Residency

This is where things get tricky.

- Legal residency refers to your immigration status—i.e., the visa or residency permit that allows you to live in France physically.
- Tax residency is where you are fiscally domiciled, and where you are expected to declare your global income and assets.

It's possible to be a legal resident without being a tax resident (e.g., short-term visa holders who live in France temporarily but keep their center of life elsewhere). However, many people become both legal and tax residents by default—especially once they live in France long-term.

🔎 Example: You move to France on a long-stay visa and spend more than 183 days in the country. Even if your income is still generated from Canada or the U.S., and even if you file taxes there, France will likely also consider you a tax resident and expect you to declare and potentially pay tax on your worldwide income.

When and How You Become a Tax Resident

You become a tax resident of France:

- Automatically, when you meet the criteria outlined above
- From the first day the criteria are met (e.g., the 184th day of the year, or the day your primary household shifts to France)
- Retroactively applicable for the entire tax year in some cases—France may apply your tax residency from January 1st of that year.

If you plan to stay in France long-term, you should assume you will become a tax resident and plan accordingly.

It's best to speak with a tax advisor before your move, so you can:

- Strategically time your relocation
- Organize your global income sources
- Prepare required documentation in advance

Understanding tax residency is the first and most crucial step toward managing your financial obligations properly. Once you know how and when you become a French tax resident, you can begin planning around the types of taxes you'll be responsible for.





TYPES OF TAXES IN FRANCE

An Overview of Personal Taxes You May Be Liable For as a French Tax Resident

France has a well-structured tax system that covers a wide range of personal income, wealth, and assets—both domestic and international. As a tax resident, you'll be required to declare worldwide income and, in many cases, assets held outside of France. Understanding which taxes apply to you will help you avoid surprises and begin planning more effectively.

Personal Income Tax (Impôt sur le Revenu)

Personal income tax in France is progressive, with increasing tax brackets depending on income level. The system is based on "parts fiscales", a method that adjusts the taxable base based on your family situation (single, married, with or without children).

As of the most recent data, the income tax brackets are:

- 0% for income up to approx. €11,000
- 11% on income between approx. €11,001 – €28,000
- 30% on income between approx. €28,001 – €81,000
- 41% on income between approx. €81,001 – €177,000
- 45% on income over approx. €177,000

These are applied per household, not per person, and are adjusted using the quotient familial system. This can significantly reduce taxable income for families with children.

In addition, France imposes a "social contribution" on most types of income (see below), and non-residents with French income may also face withholding tax.



Social Security Contributions (Cotisations Sociales)

These are separate from income tax and are charged to fund the national health and pension systems. If you work or run a business in France, you'll be required to pay into the URSSAF system (freelancers) or via your employer.

Self-employed individuals often pay:

- Around 35-45% of net income in total contributions, depending on the business structure.

Employees contribute:

- Roughly 20-25% of gross salary (with employers paying an additional share).

Even passive income, like rental profits or certain capital gains, may be subject to a 17.2% social charge. However, this may be reduced if you're affiliated with another EU/EEA health system or benefit from a tax treaty.

Capital Gains Tax (Plus-Value)

If you sell an asset—such as property, investments, or shares—you may be subject to capital gains tax. In France:

- The introductory rate is 19%, plus 17.2% in social charges, for a total of 36.2%.
- Reductions apply based on how long you've held the asset:
  - Property held for more than 22 years is exempt from the 19% tax.
  - Property held for more than 30 years is exempt from all taxes (including social charges).

Capital gains from financial investments like stocks are typically taxed at a flat 30% (the PFU or "flat tax"), which includes both income tax and social contributions.

Wealth Tax (Impôt sur la Fortune Immobilière – IFI)

France abolished its general wealth tax in 2018 and replaced it with a real estate wealth tax that applies only to real estate assets.

You are liable for IFI if:

- The net value of your real estate holdings in France and abroad exceeds €1.3 million.
- The tax is progressive and ranges from 0.5% to 1.5%, depending on the total value.

Primary residences are subject to a 30% allowance, and mortgages can be deducted from the total.

Inheritance and Gift Tax

France has one of the most complex inheritance tax regimes in Europe. Unlike in many Anglo countries, there is no automatic tax-free transfer to a spouse or children beyond certain thresholds.

- Inheritances and gifts are taxed on a sliding scale, based on the relationship between the donor and recipient.
- Children have a €100,000 exemption per parent, while spouses have broad exemptions. More distant relatives or non-family members pay significantly more.
- Rates range from 5% to 60%.

If you own significant assets or have international heirs, structuring your estate with a French notaire and tax planner is highly recommended.

Special Considerations for Foreign Income

France taxes residents on their global income, including:

- Foreign pensions
- Rental income from property abroad
- Dividends from international investments
- Royalties and self-employment income
- Crypto transactions
- Trust distributions

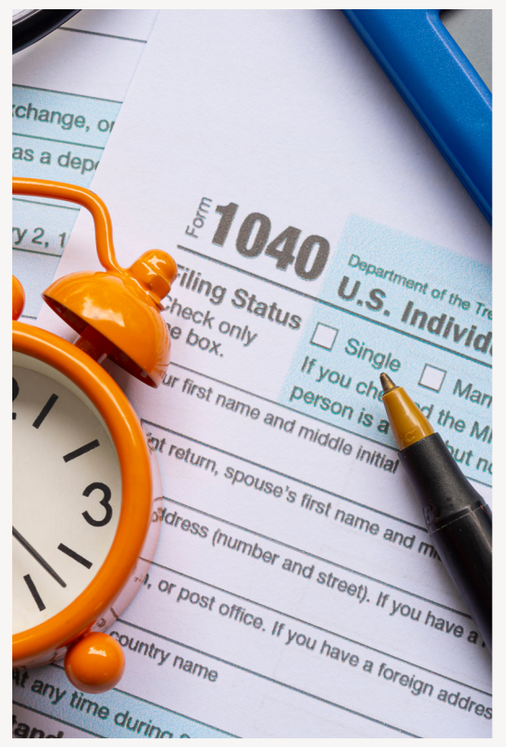
However, the actual tax you'll pay depends on:

- Applicable double taxation treaties
- Whether the income is taxable only in the source country
- Availability of foreign tax credits

Failure to declare foreign income can result in penalties of up to 80% of undeclared amounts, so transparency and proactive compliance are critical. France's tax system is nuanced, and personal situations vary widely. But understanding what taxes exist, and how they're calculated, will help you prepare, comply, and avoid surprises.

REPORTING FOREIGN INCOME AND ASSETS

What French Tax Residents Must Declare—and How Global Reporting Has Changed Everything



Once you become a French tax resident, you're required to declare your worldwide income and assets, not just the income you earn in France. This is a critical—and sometimes confusing—aspect of French tax law that catches many new residents off guard.

France has become increasingly strict in enforcing global reporting rules, especially since joining international transparency initiatives like the Common Reporting Standard (CRS). It's now harder than ever to hide or overlook foreign accounts, property, or income. But with the proper knowledge and support, it's entirely possible to stay compliant and minimize risk.

What You Must Report as a French Tax Resident

As a resident, you must declare:

- All earned income: salaries, freelance income, pensions, and benefits—even if taxed in another country
- Passive income: interest, dividends, royalties, rental income (domestic and international)
- Capital gains: from the sale of securities, real estate, or crypto assets
- Business profits: from sole proprietorships or companies you control—even if the business is registered abroad



You'll also be asked to complete specific disclosure forms for:

- Foreign bank accounts (including PayPal, Wise, Revolut, etc.)
- Trusts, life insurance contracts, and pensions held abroad
- Real estate or other assets held outside France
- Cryptocurrencies held on international exchanges or wallets



Failure to file these disclosures correctly can result in severe financial penalties, even if there was no tax owed on the income itself.





Declaration of Foreign Bank Accounts (Form 3916)

You are legally required to declare each foreign bank or financial account you hold, even if it is inactive or used only occasionally.

This includes:

- Checking and savings accounts
- Online accounts (Revolut, Wise, N26, etc.)
- Brokerage or investment accounts
- Crypto exchanges (more below)

Use Form 3916 to declare these accounts. It is filed along with your annual income tax return.

Penalties for non-disclosure:

- €1,500 per undeclared account per year (can increase to €10,000 for accounts in non-cooperative jurisdictions)

Declaration of Crypto Assets (Form 3916-bis)
Since 2019, France has also required the declaration of:

- All crypto exchange accounts (e.g., Binance, Coinbase, Kraken)
- All wallets hosted outside France

Use Form 3916-bis to declare these. Even if no crypto was sold or converted, the existence of the account alone must be disclosed.

Crypto gains are subject to the 30% flat tax (PFU), which includes 12.8% income tax and 17.2% social contributions. There are reporting requirements even for modest activity, and France does not accept the anonymous nature of blockchain as a defense for under-reporting.

Declaration of Foreign Real Estate or Trusts

- If you own property abroad, you must declare it in your French tax return—even if it doesn't generate income.
- If you are a trust beneficiary, settlor, or trustee, the structure must be declared, and income may be taxed depending on your control.

Trusts are treated very aggressively in France. If not properly reported, they may be taxed as if the assets belong to you directly, and non-disclosure can result in penalties of up to 80%.

Common Reporting Standard (CRS) and Global Information Exchange France is a participant in the Common Reporting Standard (CRS), a multilateral agreement among more than 100 countries to exchange financial data of individuals and entities automatically.

This means:

- Your foreign financial institutions will automatically report your account balances, income, and identifying information to the French tax authorities.
- You no longer need to be caught in an audit to get flagged—your data is already being shared.

The U.S. is not part of CRS but shares information with France under FATCA, so U.S. assets and bank accounts are still visible to French authorities if you're a resident.

Practical Steps to Stay Compliant

1. Gather documents early: Request annual tax summaries from your international banks, brokers, crypto exchanges, and property managers.
2. Work with a bilingual accountant: A professional with cross-border expertise will help ensure all required forms are filed accurately.
3. Report everything—even if it's already taxed elsewhere: France offers tax credits for taxes paid abroad under treaty provisions, but you must declare the income in France to apply them.
4. Keep detailed records: This includes transaction histories, contracts, titles, bank statements, and valuation documents for any assets held abroad.

Transparency is now the default. Being proactive in reporting foreign income and assets protects you from harsh penalties and opens the door to using legal strategies that reduce your tax burden.

EXITING TAX RESIDENCY IN CANADA AND THE USA



How to Properly and Legally End Your Home Country's Tax Obligations

For many expats, one of the most critical, but overlooked, steps in relocating to France is properly exiting your tax residency in your home country. Simply moving your physical body isn't enough. Without taking the appropriate legal and administrative steps, you may still be considered a tax resident of your home country and required to continue filing and paying taxes there, in addition to France.

This section explains the process of ceasing tax residency in Canada and the United States, the pitfalls to avoid, and why you must plan ahead with legal support.

Exiting Tax Residency from Canada

Canada taxes based on residency, not citizenship. So, in theory, you can stop being taxed in Canada without giving up your passport, but it's not automatic.

To stop being a Canadian tax resident, you must:

1. Sever residential ties
2. The Canada Revenue Agency (CRA) looks at your primary ties (home, spouse, dependents) and secondary ties (driver's license, bank accounts, health coverage, memberships, etc.).

You must show that you've cut these ties to Canada and established new ties in France.

1. File a final return and declare your departure
2. You need to:
    - File your final Canadian tax return (Form T1)
    - Indicate the date you became a non-resident
    - Report your worldwide income up to that date
    - Pay any departure tax on unrealized capital gains
3. Pay Departure Tax
4. This applies to the "deemed disposition" of certain assets, like:
    - Stocks
    - Mutual funds
    - Private businesses
    - Real estate outside of Canada

You may be able to defer this tax by posting security or filing Form T1244.

1. Get CRA confirmation (Optional but recommended)
2. File Form NR73 ("Determination of Residency Status") to get a ruling from the CRA if your status is unclear. This is not mandatory, but it can be helpful as a paper trail for financial institutions or during a future audit.

Important Note:
Even after becoming a non-resident, some Canadian-source income (like rental property or pensions) may still be taxable in Canada. A 25% withholding tax is often applied unless reduced by a tax treaty (which France and Canada do have).

Exiting Tax Residency from the United States

Exiting the U.S. tax system is much more complicated. That's because the U.S. is one of the few countries that taxes its citizens on their worldwide income, regardless of where they live.

There are only two ways to stop being taxed as a U.S. person:

1. **Renounce U.S. Citizenship**
This is a serious and permanent step. To do so:
- You must attend an in-person interview at a U.S. Embassy or Consulate
- Pay a renunciation fee (currently $2,350)
- File IRS Form 8854 to report assets and declare your expatriation
- Possibly pay an exit tax if you meet income or asset thresholds

🛑 Warning: Renouncing without professional advice can trigger substantial tax liability or future complications. Consult a cross-border tax attorney.

2. **Cease U.S. Tax Residency as a Green Card Holder**
If you hold a Green Card, you are a tax resident of the U.S. even if you live abroad. To stop being one:
- You must surrender your Green Card (Form I-407)
- File Form 8854 if you were a long-term resident (held the Green Card for 8+ of the past 15 years)
- Declare your worldwide assets and possibly pay an exit tax

Until these steps are complete, you remain obligated to file annual U.S. tax returns, even if you live full-time in France.

Center-of-Life Tests and Statutory Residency

Some countries (especially Canada) apply a "center-of-life" test—they look at where you truly live and maintain emotional, financial, and personal ties. If your spouse, children, home, and bank accounts are still in Canada, they may still consider you a resident even if you live in France.

To protect yourself:

- Move family members, if possible
- Close or convert Canadian financial accounts
- Surrender your provincial health care
- Change mailing addresses and driver's licenses
- Register with the French tax and healthcare systems

Document everything and keep records of your intent and actions.

Our Legal Partners Can Help

Exiting your home tax system is not just paperwork; it's a strategy that should align with your relocation plan, wealth management, and long-term residency goals. A cross-border specialist will:

- Advise you on timing your exit
- Handle departure tax calculations
- Coordinate filings in both countries
- Set up legal structures to protect assets and reduce taxation

We've partnered with vetted professionals who specialize in Canada-France and U.S.-France tax exits. Details are included in the Bonus Expert Directory section of this masterclass.



DOUBLE TAXATION TREATIES



How to Avoid Being Taxed Twice and Make International Agreements Work for You

When moving to France from countries like Canada, the U.S., or the UK, a common concern is, "Will I have to pay tax twice on the same income?" The good news is that France has signed tax treaties with many countries to prevent this from happening, but it's up to you to understand and apply the rules correctly.

Double taxation treaties (DTTs), also called tax conventions, are legal agreements between countries that allocate taxing rights and outline which country gets to tax specific income sources. These treaties are essential tools for anyone living across borders or earning income from multiple countries.

France's Double Taxation Treaties

France has active treaties with over 120 countries, including:

- Canada
- United States
- United Kingdom
- Australia
- Germany
- Spain
- Many others

Each treaty is slightly different, and its application depends on the type of income you receive, your residency status, and any tax paid abroad.
You can view France's tax treaties on the official government site:
impots.gouv.fr/international

How Treaties Work

Most treaties follow the same general principles:

1. Assign taxing rights — e.g., pensions may be taxed only in the country of residence, or in both countries, with credits applied.
2. Prevent double taxation — by allowing a foreign tax credit or exemption on income already taxed abroad.
3. Define tax residency — with "tie-breaker" rules when a person qualifies as a resident in both countries.
4. Protect against discriminatory treatment — ensuring that non-citizens aren't taxed more heavily than locals.

🛡️ Treaties don't eliminate tax liability. They clarify which country gets to tax certain income, and often require you to declare the income in both places before credits or exemptions are granted.

Common Income Types Covered by Treaties

- Employment income — Often taxed in the country where the work is performed.
- Pensions and social security — Varies widely by treaty; for example:
  - Canada-France Treaty: Canadian government pensions (e.g., CPP, OAS) are usually taxable only in Canada.
  - U.S.-France Treaty: U.S. Social Security may be taxable only in the U.S., but must still be reported in France and may be partially exempt.
- Dividends and interest — Taxed in both countries, with reduced withholding rates via treaty provisions.
- Rental income — Generally taxed in the country where the property is located.
- Capital gains — May be taxed in one or both countries, depending on the asset and the source country.
- Self-employment income — Treated differently depending on where the services are rendered.

Using Tax Credits and Exemptions

France typically allows:

- A foreign tax credit equal to the tax paid abroad is applied against French taxes due on the same income.
- Or a tax exemption if the income is taxable only in the source country under treaty rules.

This is usually calculated automatically when you declare foreign income and indicate the relevant treaty provision.

💡 Example: You receive $10,000 in Canadian pension income. Canada withholds 15%. When you declare this income in France, you indicate it falls under Article 18 of the Canada-France treaty, and France either exempts the income or applies a credit for the Canadian tax paid.

Avoiding Double Taxation Errors

1. File in both countries as required and report the income properly, even if you expect a credit or exemption.
2. Use a qualified accountant who understands cross-border treaties and the correct French forms (like 2047 and 2042-C).
3. Keep records of foreign taxes paid, including withholding slips, pension summaries, or brokerage statements.
4. Don't assume tax has been eliminated because of a treaty—it usually requires reporting to both tax authorities.
5. Declare foreign assets, even if tax is not due (failure to do so leads to automatic penalties).

Tax Treaties and CRS Reporting

Even with a treaty, all income and accounts must be reported. CRS (Common Reporting Standard) ensures French authorities receive data on foreign income and assets. A treaty won't protect you if you fail to disclose them.

Also note that:

- Not all income qualifies for full relief
- Specific complex structures (like trusts or foreign corporations) may override treaty protections

Understanding double taxation treaties allows you to live abroad without paying more tax than necessary, but they must be applied correctly. Always consult with a tax advisor experienced in international treaties to ensure you benefit from the protections while staying compliant.



FILING REQUIREMENTS IN FRANCE



When, What, and How to File as a French Tax Resident

Becoming a tax resident in France means taking on the responsibility of filing an annual tax return, even if your income is entirely foreign, already taxed abroad, or below the French tax threshold. France's tax system is built on a philosophy of full disclosure, and non-filing is treated far more seriously than simply owing tax.

This section outlines the filing obligations, timelines, forms, and options for assistance so that you can stay compliant from your first year forward.

Who Needs to File

Any individual who is:

- A tax resident of France, or
- Earning income sourced in France, even as a non-resident,

...is required to file a French tax return, known as the "déclaration de revenus."

Unlike in some countries, spouses and civil partners (PACS) usually file jointly, unless you specifically request separate assessments.

What You Need to Declare

France requires you to declare:

- All worldwide income (salaries, pensions, dividends, rental income, capital gains, etc.)
- All French-source income
- Foreign bank accounts and crypto accounts (via Form 3916 or 3916-bis)
- Foreign real estate, trusts, and financial assets
- Income taxed abroad—even if you claim a tax credit or exemption under a treaty

You may also need to file forms for:

- Real estate wealth tax (IFI)
- Business or self-employed income (micro-entreprise or régime réel)
- Social contributions (on rental income, for example)

When to File

French tax returns cover the calendar year (January 1 to December 31) and are filed the following spring. The filing season typically opens in early April. Filing deadlines vary based on your department of residence and whether you're filing online or on paper. Deadlines generally fall between late May and mid-June.

Here's an approximate timeline:

- April – Portal opens for online filing
- May–June – Deadlines for online submission
- Mid-May – Deadline for paper returns (if applicable)
- October–December – Adjusted tax bills issued



HOW TO FILE: THE STEP-BY-STEP PROCESS



How to File

There are two main ways to file:

1. Online (recommended)
    - Through the official site: www.impots.gouv.fr
    - Requires your tax ID number (Numéro fiscal) and password
    - First-time filers may need to register by mail or in person before using the portal
2. Paper filing
    - Only allowed if you do not have internet access
    - Forms include:
        - 2042 – Main income tax return
        - 2047 – Foreign income
        - 3916/3916-bis – Foreign accounts and crypto
        - Additional forms depending on your situation

Penalties for Non-Compliance

- Late filing: Penalty of 10% of tax owed (can increase with repeated delays)
- Failure to file: Up to 40–80% of tax due if considered deliberate
- Omission of foreign accounts: €1,500–€10,000 per undeclared account
- Incorrect foreign income reporting: Up to 80% of unreported amounts

France's system is largely self-reported, but data-sharing agreements and CRS make it easy for the tax office to cross-check your declarations. Even if no tax is owed, failing to file can raise red flags.

Getting Help from a Certified Accountant

France's tax system is not intuitive, especially for new arrivals. That's why we strongly recommend working with a certified French accountant ("expert-comptable"), particularly one who:

- Speaks English and French
- Specializes in expat taxation
- Understands cross-border tax treaties
- Can prepare both French and home-country returns (for U.S. or Canadian filers)

Accountants can also help you:

- Optimize deductions and allowances
- Submit amendments if you made a mistake
- Represent you during audits or inquiries

Some charge per form, others charge by time, or offer flat-rate expat services.

STRATEGIC TAX PLANNING FOR EXPATS



How to Legally Reduce Your Tax Burden and Maximize Financial Efficiency While Living in France

Once you understand your filing obligations and the types of taxes that may apply, the next step is strategic planning. Effective tax planning goes far beyond compliance; it's about making smart decisions today that protect your assets, lower your future tax liabilities, and give you peace of mind.
This section will explore proven, legal strategies that expats can use to optimize their tax position while living in France. These include international structuring, investment planning, retirement optimization, and business considerations.

Structuring Investments, Real Estate, and Pensions

Many new residents arrive in France with assets already held abroad. But those structures may not be tax-efficient under French rules.

Here are a few key areas to focus on:

- Foreign mutual funds or non-EU ETFs are often classified as non-compliant investment vehicles and may be subject to punitive taxation. You may need to restructure these into EU-compliant funds (like UCITS) or consider alternative vehicles such as life assurance products (assurance vie).
- Real estate—especially income-generating rental properties—must be carefully managed. While foreign rental income must be reported, it may be exempt under tax treaties (e.g., Canada-France or U.S.-France), though it still affects your tax rate (via the "taux effectif").
- Pensions should be reviewed with a cross-border advisor. Some retirement vehicles (like RRSPs, IRAs, or UK SIPPs) are treated favorably under treaties, while others may be double-taxed or trigger social charges.
- Assurance vie (French life insurance contracts) offer powerful tax-deferral and inheritance benefits and are often used by residents as long-term wealth preservation tools.

It is highly recommended to review your entire global asset structure with a specialist before becoming a tax resident, as it may be more challenging to make changes afterward without triggering tax events.

Retirement Income Planning

France has unique rules for the taxation of pensions and retirement accounts, especially foreign ones. While tax treaties may exempt certain pensions from French taxation, you must still declare the income and understand the impact on your overall tax rate.

Key considerations include:

- Timing pension withdrawals to lower-income years
- Choosing lump-sum vs. periodic payments
- Using treaty provisions to avoid double taxation (e.g., declaring Canadian pensions in Canada, not France)
- Consolidating smaller pensions into more favorable structures (e.g., annuities, assurance vie)

Careful timing and coordination can result in significant savings over time.

Crypto, Rental Income, and Dividends

These types of income can be among the most heavily scrutinized by French tax authorities:

- Cryptocurrency: Gains from crypto sales or conversions into fiat are taxed at 30% flat (PFU), and all foreign crypto wallets must be declared. Using EU-regulated exchanges and keeping a clean transaction history is critical.
- Rental income: Subject to social charges (17.2%) unless exempt through affiliation with another EU health system. Consider setting up a SCI (Société Civile Immobilière) to own rental property if you plan to invest in French real estate.
- Dividends: Usually taxed under the 30% PFU, with possible partial exemptions or credits under treaty rules.

Using international tax wrappers or holding companies in low-tax jurisdictions may provide better results than holding assets personally, provided this is done legally and disclosed appropriately.

When (and Where) to Create a Company or Freelance Business

If you're planning to work or freelance in France, it's vital to choose the proper structure. Options include:

- Micro-entrepreneur (auto-entrepreneur): Simplified structure for small businesses with income thresholds. Ideal for part-time consultants, coaches, or creatives.
- SASU / EURL: More complex companies with liability protection and greater deductions, suitable for those running larger operations or hiring staff.

That said, setting up a business in France can expose more of your income to high social charges and taxation. In many cases, it may be better to set up your business in a different country and pay yourself via dividends or consulting contracts, especially if you plan to diversify globally.

This strategy requires careful consideration of:

- Tax treaties
- Permanent establishment rules
- VAT registration
- Source-of-income tests

Our partners include international tax attorneys who help evaluate and implement the best country for your company, depending on your citizenship, visa, income type, and long-term goals.

Global Diversification: A Key to Flexibility and Security

One of the best tax strategies is also the most overlooked: geographic diversification. Don't keep all your income, investments, and reporting obligations in one jurisdiction.

- Spread your assets across multiple countries
- Use offshore investment accounts in compliant jurisdictions
- Consider second residencies or citizenships to improve mobility
- Use holding companies or family trusts to protect wealth and reduce estate exposure

Strategic planning gives you options, not just for reducing taxes, but for improving your quality of life, freedom, and legacy.

WORKING WITH PROFESSIONALS



Why Expert Help Is Essential for Cross-Border Tax Compliance and Peace of Mind

When it comes to international taxes and financial reporting, DIY is not recommended. Even experienced professionals in your home country often don't understand the complexities of French tax law—let alone how it intersects with Canadian, American, or other international systems.

If you're serious about staying compliant, protecting your assets, and avoiding costly mistakes, it's not just wise, but essential, to work with qualified, bilingual professionals who understand the nuances of expat taxation in France.

Why You Should Hire a Bilingual Accountant

A French "expert-comptable" (chartered accountant) who is also fluent in English and trained in international taxation is your most valuable ally.

They will help you:

- File all required tax forms (income tax, foreign asset disclosures, social contributions, etc.)
- Navigate complex forms like 2042, 2047, 3916, and IFI (wealth tax)
- Calculate and apply foreign tax credits or treaty exemptions
- Track and report cryptocurrency, foreign dividends, pensions, and rental income
- Represent you in case of an audit or inquiry from the French tax office

Having a professional prepare and submit your returns not only ensures compliance; it also gives you peace of mind that your affairs are being handled accurately and efficiently.

Many expats try to file their taxes alone in their first year, only to realize they made errors that create red flags and back taxes. Don't let that happen to you.

How Our Legal and Tax Experts Assist with Ongoing Compliance

As part of this Masterclass, we have partnered with vetted professionals who specialize in:

- France-Canada tax compliance
- France-U.S. cross-border planning
- Legal residency and fiscal exit strategies
- International investment structuring
- Global estate planning

These experts offer:

- Initial consultations to review your situation
- Tax preparation services in both French and your native language
- Personalized advice on structuring pensions, businesses, or property holdings
- Ongoing services to support you year after year

You'll find their contact details in the Masterclass Resource Guide.

Using International Financial Advisors for Cross-Border Efficiency

In addition to accountants and lawyers, many expats benefit from working with a licensed financial advisor who understands cross-border investment rules.

Why it matters:

- France may penalize foreign investment products like mutual funds or non-EU ETFs
- You may need to consolidate or restructure pensions or brokerage accounts
- U.S. persons living abroad are subject to FATCA and may face restrictions with international banks or platforms
- Diversifying income across borders can require coordination across multiple tax systems

A good advisor can:

- Optimize your portfolio for French tax efficiency
- Set up EU-compliant investment vehicles
- Protect your estate using trusts, insurance wrappers, or corporate structures
- Minimize your long-term global tax exposure

The most effective tax planning is proactive, done before a problem arises, not after.

Final Note on Working with Professionals

Many expats hesitate to hire help, thinking they'll save money by doing it themselves. But with cross-border taxation, mistakes can be extremely costly, leading to penalties, back taxes, or even criminal charges for non-disclosure. Hiring a seasoned expert is not an expense; it's an investment in your financial safety and legal security. With the right team, you'll not only stay compliant, but you'll also sleep better knowing that your finances are fully aligned with your international lifestyle. Email us at info@globalcitizenlife.org, and we will connect you with our team to make sure you get this done right the first time.

Please continue to Module 13
Planning The Move

