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COMBATING TAX FRAUD: FRENCH TAX OFFICE TO EXTEND THE 10 YEAR INVESTIGATIVE POWERS OVER NON FRENCH INTERESTS

Tax office press notice of 24th November 2011 on the subject of combating tax fraud.

In summary, the news is not good for individuals who to date have chosen non disclosure as the best means of avoiding French tax liabilities.

Since 2008, the French tax office has been able to go back 10 years when investigating the non disclosure, by French tax residents, of investments held abroad, such as offshore investment bonds, bank accounts, shareholdings and other investments, but only when these are held in States which do not have a tax office co-operative agreement with France.

According to the latest tax press notice of 24th November 2011, this 10 year investigative power is to be extended to cover transactions involving States with which France has a co-operative agreement.

In 2010 the French tax office launched a wide ranging programme to track down cases of undeclared foreign assets held by French tax residents. One of the actions of this programme was to require all banks located in France to disclose all transactions involving transfers abroad of any single sum in excess of €15,000 made between 2006 and 2008 to any of 15 States with which France does not have a tax office co-operative agreement. This resulted in over 40,000 transactions revealed involving undeclared foreign bank accounts held by French tax residents.

As a result of this programme, the number of foreign bank accounts disclosed rose from 25,000 in 2007 to 77,000 in 2010

With the impact of the European Savings Directive starting to show through the tax office initiative "EVAFISC" it's becoming increasingly difficult to rely on non disclosure as a strategy for living in France. With a bit of proper, legal tax planning, the French tax burden can often be less than its UK counterpart.

For information on Charles Hamer's Residency Planning Services and how we can help you happily settle in France without the stress and worry attached to any attempt to cheat the tax system whilst also avoiding an excessive tax burden, please visit our webpage <http://www.charleshamer.co.uk/french-residency.aspx> or email me, Mark Gould, mark@charleshamer.co.uk and ask for our information pack"

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