

# WHY NOW IS A GOOD TIME TO APPLY FOR A FRENCH EURO MORTGAGE

French Mortgage rates are low & long-term fixed rates are for the duration of the mortgage term.

This compares favourably with UK fixed rates which tend to be for a maximum of 10 years. French banks offer fixed rates over terms of up to 25 years for the non-resident buyer offering security of the mortgage payment in Euros, as the repayments remain constant throughout the mortgage duration. Whilst the exchange rate can vary, many of our clients mitigate this by pre-buying currency in advance through a Currency Dealer. These Currency Dealers offer forward-buying currency contracts, whereby you book your exchange rate for a selected period. We highly recommend Smart Currency Exchange, you can find their details through our mortgage calculator page by clicking on this link;

<https://www.charleshamer.co.uk/calculator.aspx>

For a recent example of a mortgage arranged based on a long term fixed interest rate basis, please click on the link below which takes you to the “mortgage deal of the week”. In this particular example, the repayment amount **represented 89%** of the purchase price and the **fixed rate of 1%** was for the entire duration of the mortgage term ,which is 20 years (APRC :1.7%)

<https://www.charleshamer.co.uk/uploads/docs/mortgage%20deal%20of%20the%20week.pdf>

## Is Now a Good Time to Take Out a Fixed Rate Mortgage?

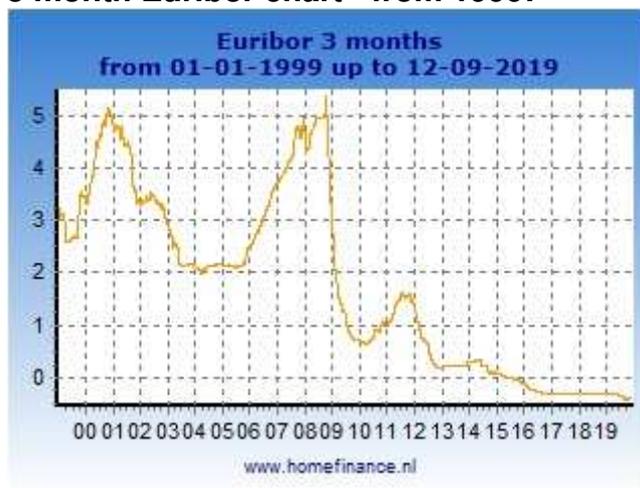
➔ 12 months Euribor chart - from 1999:



12 months Euribor chart - latest year:



### 3 month Euribor chart - from 1999:



### 3 month Euribor chart - latest year:



The charts above track EURIBOR RATES for the period between 1999 and 2019 . If we look back over the last 10 years for both indices (2009 – 2019), apart from a small rise of just under 1% during the years 2011/12, the rate has steadily declined until today, **where we are looking at negative rates of -0.27% (12-month EURIBOR) and -0.39% (3-month EURIBOR).**

Today's historical lows would suggest that now is a good time to opt for the security of a long-term fixed rate French mortgage before any future interest rate rises are passed on by the French lenders.

### Cash Purchase or French Mortgage?

Is now the time to take advantage of a French mortgage based on today's current fixed rates before they increase?

### This will depend on your answers to the 4 questions below :-

- 1) Could I achieve a higher return on the funds that I would have used to purchase the French property for cash, if I place them in other investments and purchase the property with a French mortgage at today's long-term fixed rates?
- 2) Should I opt for a French mortgage at a time when the £ is weak against the Euro in anticipation that the pound will strengthen during the term of the French mortgage?
- 3) Is the French property suitable to rent and will the future rent partially or totally offset the French mortgage payment?
- 4) Is the purchase price above the threshold where I will be subject to French Wealth Tax, and will I benefit from offsetting my French mortgage interest against the tax due?

## **Rates of Wealth Tax in France**

The tax bands and rates of taxation applicable for 2018 are shown below.

<b>Fraction Taxable</b>	<b>Rate of Tax</b>
€0 - €800,000	0%
€800,000 - €1,300,000	0.50%
€1,300,000 - €2,570,000	0.70%
€2,570,000 - €5,000,000	1%
€5,000,000 - €10,000,000	1.25%
€10,000,000+	1.50%

If the answers to the above questions are yes, and you are actively thinking about purchasing a French property then please contact us to discuss your own particular mortgage requirements and we will provide you with bespoke illustrations of the current French mortgage schemes available through our exclusive French banking contacts.

Kieron - [enquiries@charleshamer.co.uk](mailto:enquiries@charleshamer.co.uk) Or Alice - [mortgages@charleshamer.co.uk](mailto:mortgages@charleshamer.co.uk)  
Tel. 01844 261886/218957

## **CHARLES HAMER FRENCH TAX DEPT**

Prior to purchase you may wish to contact our Tax Department regarding any questions that you may have regarding the tax rules that apply to French property ownership. Our Dedicated French Tax Team and Areas of Expertise are as follows:

- We can provide the facts about letting the French property and generating a French rental income.
- We specialise in dealing with the French Tax Authorities and the completion of French annual tax returns.
- We offer guidance with French Capital Gains tax rules and explain how we can help you in working out any future liability and eventually mitigate the Capital Gains Tax payable on the future sale of a French property.
- We offer assistance when reclaiming past French social security payments, paid to the French Tax Office (Prelevements Sociaux).

**Please click on the following link for the latest news of successful claims for the full reimbursement of the Prelevements Sociaux.**

<https://www.charleshamer.co.uk/successful-appeals-for-the-recovery-of-prelevements-sociaux.aspx>

**To receive our complimentary French Tax Information pack, please contact:**

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**OR**

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