

Real Estate Tax Services News

Keeping you informed

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E-filing and 3% tax return: foreign entities must be registered before 15 January 2021

In brief

From 2021, entities subject to the French 3% on real estate tax will have to submit their tax returns in a dematerialised way.

In order to file the French 3% tax return on time (i.e. no later than 15 May 2021) electronically, the French tax administration has just, at the beginning of January, announced that foreign entities will have to be registered in France before 15 January 2021.

In detail

Under article 990 D of the French Tax Code (FTC), French and foreign entities, with or without legal personality, including trusts, funds and similar vehicles which directly or indirectly own one or more real estate properties located in France, are subject to a yearly 3% tax assessed on the fair market value of French real estate as at 1 January 2021.

However, this tax is not due if the French or foreign entities which hold French real estate are eligible for a conditional exemption, which is subject in particular to the filing of the 3% tax return (i.e. form n° 2746) no later than 15 May of each year. Whereas previously the 3% tax return was submitted by a paper declaration, from 1 January 2021, this filing will be submitted electronically via a platform to be established by the French tax administration.

It is important to note that in order to have access and use the above-mentioned platform, a specific registration number, also called "SIREN", is required. Whereas French entities have already been provided

with this number allowing the access to the platform, a specific registration process will be necessary for non-French entities which have not yet registered.

In practice, such registration will be performed via the filing of a form EE0 and must be accompanied by supporting documents¹ (i.e. a copy of the by-laws with a translation² of the main elements, a copy of the foreign registration certificate and a scanned copy of the power of attorney if any).

In early January, the French tax administration indicated that the registration process must be performed before 15 January 2021.

Our view

The registration process needs to be started as soon as possible in order to (i) comply with the deadline communicated by the French tax administration, (ii) have the necessary time to solve any potential problems encountered with this registration and (iii) be ready to proceed with the electronic filing of the 3% tax return no later than 15 May 2021.

¹ The French tax administration indicated that, if all the supporting documents are not available or require work, they can be communicated after the transmission of the registration request (i.e. after the deadline of 15 January 2021).

² A free translation is allowed as long as the by-laws are written in the language of one of the Member States of the European Union. Otherwise, a sworn translation into French is required.

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