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April 2024

FRANCE – TAX CONSIDERATIONS ON SHORT TERM PROPERTY LETS

The following information is a guide to help you get started in learning about some of the tax requirements that are likely to apply to you when providing short-term accommodation in France.

Tax rules can be complex and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are an individual supplying short-term accommodation in France, you should make sure that you understand each of the following taxes and pay the ones that apply to you;

- Income taxes and social contributions
- Value added tax (VAT)

Please understand that this information is not comprehensive and is not intended to be legal or tax advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources or to seek advice from qualified professionals.

Please note that we do not update this information in real time, so you should confirm that the laws or procedures have not changed recently.

We draw your attention to the fact that Airbnb has a legal obligation to report to the tax authorities the rental income received by the users of the platform who are French tax residents or rent out a property located in France via the Airbnb platform (this obligation started to apply for 2019 income). Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, the French tax authorities may ask you questions.

INCOME TAX AND SOCIAL CONTRIBUTIONS

Where you earn income from renting out accommodation in France, it is likely that you will be required to pay taxes on this income to the French tax authority. The following is a brief outline of the income tax and social contributions that will arise on income earned from the short-term rental of accommodations in France. We also recommend reading the website of the French tax authorities on the tax regime of the furnished rental by clicking on [this link](#).

France's tax year runs from 1 January to 31 December.

France specific rules applicable to income earned in relation to the rental of short-term accommodations.

If you earn income from directly or indirectly leasing furnished property, this income has the character of industrial and commercial income¹ for the purposes of income tax. Two options of taxation are possible (which are not linked to the length of the rental but rather the amount of rental income).

1. Tax regime for micro-activity ("Régime Micro-BIC")

The tax regime for micro-activity "régime micro-BIC" applies to a Host whose annual turnover excluding VAT (gross income), adjusted in proportion to the operating time during the calendar year, did not exceed the following threshold during both the previous year (Y - 1) or the penultimate year (Y - 2):

- €77,700 for non-classified tourism accommodation. In this case, a fixed deduction ("abattement") equal to 50% of the gross revenues applies to determine the taxable income for the fiscal year 2023² (instead of deducting actual expenses).
- €188,700 for classified³ tourism accommodation.⁴ In this case, a fixed deduction equal to 71% of the gross revenues applies to determine the taxable income (instead of deducting actual expenses).
 - If the classified tourism accommodation is located in a zone where there is no important imbalance between the offer and demand of accommodations ("non-tight" zone⁵), an additional fixed deduction of 21% is applicable if the turnover excluding VAT, adjusted in proportion to the operating time during the calendar year, related to all the activities of furnished rental did not exceed €15,000 during the preceding civil year (Y - 1). In this case, a fixed deduction of 92% in total would be applicable (71% + 21%).

Update

Article 45 of the Finance Act for 2024 modified the tax regime applicable to the rental of non-classified furnished tourism properties by providing that the micro regime will lead to the application of a 30% flat allowance instead of the 50% allowance before and if the turnover excluding VAT of the previous years did not exceed the threshold of €15,000 instead of €77,700 before. The rental of classified tourist properties, however, currently continues to benefit from the

¹ "Bénéfice Industriel ou commercial" or BIC, in French.

² The threshold of €77,700 and the 50% rebate are applicable for the fiscal year 2023 by application of an administrative tolerance, despite the reform provided by Article 45 of the French finance law for 2024. See below box "Update".

³ The special regime (underlined above), which allows a 71% deduction representative of expenses, does not concern apply to all tourism accommodations, but only the classified ones according to Article L324-1 of the tourism Code (systems of number of stars). That classification decision is taken by an appointed body following a visit. The accommodation must meet a certain number of criteria and the request has to be made by the Host.

⁴ A tourism accommodation, called "meublé de tourisme" in French, corresponds to villas, apartments or studios, for exclusive of the tenant, proposed to the rental to passing through clients not using it as a main home and who rent the accommodation for days, weeks or months.

⁵ Zones B2 and C. Click on this link to check the zone: [Simulateur - Connaître la zone de sa commune : A, A bis, B1, B2 ou C - service-public.fr](#)

71% flat allowance and the gross revenues threshold of Euros 188,700. This reform should have applied to the revenues received as from 2023.

According to the press, the Government had mistakenly maintained this amendment proposed at Senate. Consequently, the French tax authorities update their official guidelines⁶ ("BOFIP") have been updated on February 14, 2024 to indicate to the taxpayers that they could, by way of tolerance, benefit from the previous tax rules for 2023 income.

Legal actions have been filed by Senators and professional organizations before the French Administrative Supreme Court aiming to revoke this tolerance. As of April 24, 2024, the French Administrative Supreme Court has still not rendered its decision. In the event that the tolerance provided for by the BOFIP would be revoked by the French Administrative Supreme Court, we recommend that you consult your personal tax advisor in order to check if you would have nevertheless arguments to keep invoking the removed BOFIP before the French tax authorities.

Please note that a significant reform on rental taxation is expected in 2024⁷ and may have an impact on taxation of income received in 2024.

If your annual turnover of one of the two previous fiscal years did not exceed the above thresholds, the micro-activity tax regime ("régime micro-BIC") will automatically apply but, if you want, you can opt for deduction of the actual expenses ("régime réel", which is described below).

If the annual turnovers of the two previous years exceeded the above thresholds, the application of the tax regime for actual expenses ("régime réel") will be mandatory.

Deductible expenses

Only a deduction equal to 50%⁸ of the gross income or 71% (or 92%) for classified tourism accommodations can be applied. Actual expenses cannot be deducted in such a case.

2. Actual expenses tax regime ("Régime Réel")

In accordance with the provisions of the French tax code⁹ (FTC), in particular Article 39 of the FTC, the net taxable profit is determined by listing all the income and expenses that originate from operations of any kind carried out by a company or by you as an individual.

Deductible expenses

Expenses paid for the rental activity carried out by a company or by you as an individual, are allowable expenses (i.e., utilities, maintenance, repair costs, property tax (except tax for collection of

⁶ BOI-BIC-CHAMP-40-20-14/02/2024, No. 55

⁷ Parliamentary mission is working on a global reform of rental taxation and, in parallel, proposed law aimed at remedying imbalances in the rental sector is being discussed.

⁸ See above "Update" box.

⁹ Code Général des Impôts or CGI

garbage¹⁰), property management fees, insurance, mortgage interests paid during the tax year and insurance on the mortgage, depreciation etc. (Note: this is not an exhaustive list)).

If the taxpayer is subject to the actual expenses tax regime, they could submit the accounts to an accredited management center or association (AMC/AMA) or to an accredited accountant expert. Please note that the increase of the tax basis for failure to communicate accounts to an AMC/AMA has been completely removed for income received as from fiscal year 2023.¹¹

Deductions available for tax depreciation (e.g. capital allowances / wear and tear).

When the property is rented out furnished, French tax law enables to deduct a depreciation which is calculated by applying a percentage on the accounting value of the assets, i.e. building and furniture garnishing it (the value corresponding to the land cannot be depreciated).

The deduction for depreciation on premises provided as furnished rental accommodation is subject to the limits fixed by article 39 C of the FTC. Thus, if you rent out a furnished property, the amount of depreciation on the property is allowed as a deduction from taxable income, for the same financial year, within the limit of the amount of the rental income less the amount of the other deductible expenses. These deductions have to be calculated under accounting rules.

The depreciation surplus will be deductible from the tax basis of the next years under the same limits.

Reporting tax in France.

Paper tax forms:

- Form 2042: General tax form
- Form 2042 C PRO: Self-employed income (Furnished property - "régime micro or régime réel")
- Form 2044: Rental income (unfurnished property)
- Form 2031 - 2033: Rental income (Furnished property - "régime réel")
- Form 2047 - To report foreign income received by French tax resident
- Form 2048-IMM - Capital gains (filled by the French notary at the time of the sale of the property)

Online tax forms:

¹⁰ "T axe d'enlèvement des ordures ménagères"

¹¹ French Finance law for 2021 provided for the progressive reduction and then removal of this increase of the tax basis when the accounts are not submitted to an accredited accountant expert. Before, the taxable profit was increased by 25% if this formality was not fulfilled.

All forms can be found online via the website www.impots.gouv.fr (please note that for a first time filer, the online submission of a tax return is in principle not available).

Reporting tax - filing deadline.

- **Form 2031 - 2033: Rental income (Furnished property - "régime réel")** - Beginning of May of the following year, e.g. 3 May 2024 for 2023 income (exact date to be confirmed each year and possible to benefit from a 15-days extension in case of online filing).

Income tax:

- **Online** - Between mid-May and the beginning of June of the following year (exact date to be confirmed each year, generally in March)
- **Paper** - Mid-May of the following year (exact date to be confirmed each year, generally in March)

Reporting tax - payment deadline.

Tax is paid in monthly instalments during the tax year, the amounts of which are based on the tax liabilities of prior years.¹² You can also opt for the payment of quarterly instalments during the tax year.

Balance of income tax and social surtax due has to be paid upon issuance of the annual tax bill by the French Tax Authorities in July-August of the following year. The payment deadlines for the balance of taxes (if any) are generally between September and December of the following year.¹³

France Tax Authority contact details.

This depends on where you and/or your property are located. The relevant tax authorities' contact details can be found on www.impots.gouv.fr/portail/contacts

French income tax rates.

¹² Installments withheld from January to August of the tax year (Y) are calculated based on the tax rate of the taxpayer for the penultimate year (Y - 2) and installments withheld from September to December Y are calculated based on tax rate of the taxpayer during the last year (Y - 1).

¹³ Balance of income tax (if any) for the year Y is paid between September and December of the next year (Y + 1).

Tax rates applicable to income generated in 2023 for a single taxpayer:

- Up to €11,294: 0%
- From €11,294 to €28,797: 11%
- From €28,797 to €82,341: 30%
- From €82,341 to €177,106: 41%
- More than €177,106: 45%

Tax treatment of the furnished rental income in France.

The following taxes and social contributions apply to the net taxable income if you are a French tax resident:

- Progressive income tax rates up to 45% (referred to above).
- Social surtaxes of 17.2% (social surtaxes could be reduced to 7.5% if the taxpayer is subject to a mandatory social security scheme of an EU country other than France, or of Switzerland or of the United Kingdom).
 - o If some conditions are fulfilled, the rental income could be subject to self-employed social security contributions (see below for details) instead of the social surtaxes (17.2% or 7.5%). These criteria have been changed as from 1st January 2021 in order to be in line with the criteria provided for the tax regime of the professional lessors. Self-employed social security contributions could be due in the following cases:
 - Social security contributions of self-employed individuals could apply if (i) the annual gross rental revenues exceed € 23,000 and (ii) the properties are rented on a short-term basis (i.e. customers residing on a daily, weekly or monthly basis and not electing residence there), unless the lessor signed a mandate with a professional real estate broker for the management of the property (cf. Pellois ministerial response No 3619 of July 10, 2018), OR
 - Social security contributions of self-employed individuals could apply if (i) the annual gross rental revenues exceed € 23,000 and (ii) they exceed the income of the tax household subject to income tax in the categories of salaries, pensions, commercial income (BIC¹⁴), agricultural income (BA¹⁵), non-commercial income (BNC¹⁶) and income of the managers and shareholders mentioned in Article 62 of the French tax code¹⁷.

¹⁴ "Bénéfices Industriels et Commerciaux"

¹⁵ "Bénéfices Agricoles"

¹⁶ "Bénéfices non commerciaux"

¹⁷ These are the conditions to consider the furnished rental as a professional activity for tax purposes. Since 2020, there is no need for a member of the tax household to be registered with the Trade and Companies Register as a professional.

Point of attention: if a French tax resident is subject to a mandatory social security regime of a EU State other than France, or of Switzerland or of the United Kingdom (e.g. under a social security secondment), social security contributions should not be due according to EU law. If a French tax resident is subject to the mandatory social security regime of a State other than EU State, Switzerland and the United Kingdom, French social security contributions should be due in principle unless their application is contrary to the provisions of a bilateral social security agreement (if any).¹⁸ If social security contributions are avoided, social surtaxes at global rate of 17.2% or 7.5% should remain due in this case.

- Exceptional contribution on high-level income of 3% to 4% applies if the reference income of the taxpayer household exceeds € 250,000 (€ 500,000 for taxpayers who are married or under a civil partnership). The reference income will include the rental profit as well as any other taxable income of the taxpayer household.

The following taxes and social contributions apply to the net taxable income if you are a non-resident French tax payer:

- Progressive income tax rates of up to 45%: a minimum of 20% to 30% income tax rate applies to non-residents
- Social surtaxes of 17.2% (social surtaxes could be reduced to 7.5% if the taxpayer is subject to a mandatory social security scheme of an EU country, other than France, or of Switzerland or of the United Kingdom)¹⁹.
 - o Self-employed social security contributions (see below for details) could also be due in the following cases:
 - Social security contributions of self-employed individuals could apply if (i) the annual gross rental revenues exceed € 23,000 and (ii) the premises are rented on a short-term basis (i.e., customers residing on a daily, weekly or monthly basis and not electing residence there), unless the lessor signed a mandate with a professional real estate broker for the management of the property (cf. Pellois ministerial response No 3619 of July 10, 2018), OR
 - Social security contributions of self-employed individuals could apply if (i) the annual gross rental revenues exceed € 23,000 and (ii) they exceed the income of the tax household subject to income tax in the categories of salaries, pensions, commercial income (BIC), agricultural income (BA), non-commercial income (BNC) and income of the managers and shareholders mentioned in Article 62 of the French tax code.

¹⁸ The social security agreement must include a principle of unicity.

¹⁹ There is a debate on the interpretation of French tax law about whether social surtaxes can apply to income received by non-resident individuals for the renting of furnished properties. You can contact your personal advisor on this point.

Point of attention: if a non-resident is subject to the mandatory social security regime of an EU State other than France or of Switzerland or of the United Kingdom, social security contributions should not be due according to EU law. If a non-resident is subject to the mandatory social security regime of a State other than an EU State, Switzerland and the United Kingdom, French social security contributions should be due in principle unless their application is contrary to the provisions of a bilateral social security agreement (if any)²⁰. If social security contributions are avoided, social surtaxes at a global rate of 17.2% or 7.5% should remain due in this case.

- Exceptional contribution on high-level income from 3% to 4% if the reference income of the taxpayer household exceeds € 250,000 (€500,000 for taxpayers who are married or under a civil partnership). The reference income will include the rental profit as well as any other taxable income of the taxpayer household.

Clarifications in case of application of French social security contributions:

When above conditions are fulfilled and lead to subject the income to social security contributions, different regimes are applicable depending on the amount of your gross income:

- Micro-regime if your gross income is between €23,000 and €77,000 or €188,700 for classified tourism accommodations: the income will be subject to a flat rate of 21.20% or 6% for classified tourism accommodations.
- Regime for self-workers if your gross income exceeds €77,700 or € 188,800 for classified tourism accommodations: various social security contributions would apply in a digressive way (global rate between 30% and 40% in general).
- General regime for employees under option and if your gross income is between €23,000 and €77,700: various social security contributions would apply in a digressive way on the basis reduced by a 60% allowance or 87% allowance for classified tourism accommodations.

For more details, we recommend consulting the website of the French social security authorities ("URSSAF") on the regime of the furnished rental by clicking on [this link](#).

Are there any reliefs from income tax in your territory that an individual providing rental of short- term accommodations may make use of?

Article 35 bis of the CGI stipulates that, if you rent or sublease part of your principal residence, you are exempt from income tax:

- For the rental income where the furnished rented rooms (room only) are the principal residence of the tenant or sub-tenant (or as temporary residence in order to accommodate for seasonal work, to the extent the tenant or sub-tenant demonstrates that it has an employment contract for seasonal work), and that the rental price is set within reasonable

²⁰ The social security agreement must include a principle of unicity.

limits (for 2023, the annual rent, excluding charges, must not exceed €199 per square meter for Parisian region and €147 for other regions)²¹;

For further guidance, please see [the website of the French tax authorities' official guidelines](#)

- When the proceeds deriving from the usual renting to people who do not elect residence do not exceed €760 per year.

These two exemptions can be accumulated in the case of a room rented for the benefit of high school students or students during the school year and to tourists during the summer period.

Please note that both exemptions are applicable until 31 December 2026

French income tax obligations for non-resident individuals.

If you are non-resident, you are required to pay French income tax on French source income only. Please refer to section “Coming within the charge to income tax in France”.

French income tax obligations for a French individual in receipt of foreign rental income.

If you are French tax resident, you are required to report your worldwide income in your French tax return.

Taxation in France of foreign source rental income is subject to any relevant tax treaties for the avoidance of double taxation.

Other

Please note that the above comments are mainly related to the rental of a furnished property within a non-professional activity.

From a tax perspective, the rental of a furnished property could be considered as a professional activity when (i) the rental revenues²² exceed € 23,000 and (ii) the rental revenues represent more than 50% of the professional income of the tax household (those criteria are applied differently for residents and non-residents²³).

²¹ For example, income will be exempt from French taxes if you rented a room of 20 square meters in your principal residence in the Parisian region during 2023 and the rental income (excluding charges) did not exceed € 3980 (€ 199 x 20 m²), i.e. € 331 per month.

²² Gross income before deduction of any charges

²³ A ministerial response dated January 4th, 2024 to the question No 07040 from Mrs. Renaud-Garabedian confirmed that, for taxpayers being non-residents in France, foreign source income which is not taxable in France cannot be taken into account to determine if the rental revenues exceed 50% of the professional income.

We draw your attention to the fact that, if the furnished rental is considered as a professional activity or if the rental activity is subject to VAT (cf. below) or if the rental concerns bed and breakfast houses, it should lead to several consequences regarding income tax, capital gain taxes, real estate wealth taxes, etc. In such a case and as soon as your rental revenues exceed € 23,000, it would be recommended to contact a professional tax advisor.

If the property is owned through a French or foreign company, the tax consequences could also be different.

Income tax and social surtaxes apply to me. What happens if I do not pay these French taxes?

If you are required to pay income tax and social surtaxes, but do not pay them, the French tax authorities have a period of at least three years - which can be increased to ten years in case of fraud - to reassess you for non-reporting of the taxable income or non-payment of the taxes. In addition to the taxes due, you may be liable for late payment interests (0.20% per month) and a penalty equal to 10%, 40% or 80% of the amount of taxes due. You may also face criminal prosecution for tax fraud.

As indicated above and according to French tax law, Airbnb has the obligation to report to the French tax authorities the rental income received by the users of the platform (this obligation started to apply for the 2019 income). Therefore, in case of mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, French tax authorities may ask you questions.

Other property taxes payable.

There are three taxes which have to be considered:

1. Real estate property tax "taxe foncière"

This tax, which is based on the cadastral rental value, must be paid by the owner of the property on 1 January of the given year (values and rates are calculated locally).

2. Real estate contribution of businesses (Contribution Foncière des Entreprises - CFE)

The CFE is payable by companies and individual persons who habitually exercise a self-employed professional activity, whatever their legal status, activity or taxation system. The activities of renting and subletting buildings (except those concerning unfurnished buildings for residential use) are in principle covered by the CFE.

Some exemptions of CFE could apply subject to certain conditions, notably for furnished rentals included in the owner's principal residence.

3. Real estate wealth tax (Impôt sur la Fortune Immobilière - IFI)

The IFI is applicable to (i) worldwide real estate properties for resident taxpayers or (ii) French real estate properties for non-resident taxpayers, when the net taxable value exceeds €1,300,000 on January 1st of the given year. Please refer to “Real estate wealth tax” below.

4. Reporting of occupancy of French real estate (since January 1st, 2023).

As per Article 1418 of the French Tax Code, the French tax authorities (DGFIP) have implemented a new online reporting obligation for the owners of real estate properties in France. As from 1 January 2023, owners of any real estate properties used for housing must declare the nature of the occupancy (main home, secondary home, rented, etc.) and some details, notably about the identity of the persons living in the property (except for short term rentals).

This online declaration must be filed no later than 1 July of each year, but no reporting will be required as from 2024 if there is no change in the prior information reported. In case of non-compliance by homeowners, penalties may apply. [Click here for more information.](#)

Capital taxes in France.

Capital taxes are applicable to the sale or transfer of property located in France or outside of France (subject to the application of double tax treaties) for consideration.

The taxable base is in principle reduced (for French tax residents and non-French tax residents) by a progressive allowance based on the duration of ownership being factored in, which leads to a full exemption of income taxes after 22 years and full exemption of social surtaxes after 30 years.

The applicable tax rates on the taxable capital gain are:

- Income tax of 19%;
- Social surtaxes of 17.2% (social surtaxes could be reduced to 7.5% if the taxpayer is affiliated to the mandatory social security scheme of an EU country other than France, or of Switzerland or of the United Kingdom);
- High capital gain surtax from 2% to 6% for capital gains above €50,000;
- Exceptional contribution on high-level income from 3% to 4% if the reference income of the taxpayer household exceeds € 250,000 (€500,000 for taxpayers who are married or under a civil partnership). The reference income will include the taxable capital gain as well as other taxable income of the taxpayer household.

Note: several tax exemptions could apply under conditions. There are several tax exemptions for the sale of the principal residence as well as any sale below €15,000.

Note 2: if the rental of the furnished property is considered as a professional activity (cf. criteria above), the tax treatment of the capital gain should be in principle different from the one presented above.

Real estate wealth tax

From January 1st, 2018, the wealth tax (ISF), previously applicable to movable assets (including financial assets) and real estate assets has been replaced by a real estate wealth tax (IFI).

The IFI is applicable for French tax residents to real estate property held in France and abroad whereas, for non-residents, it is only applicable on French real estate properties. IFI is applicable to properties held directly by the taxpayer and indirectly through interposed companies (in such a case, the shares are taxable on their value corresponding to the underlying real estate assets).

Under conditions, properties assigned to the business activity of a company or assigned to the professional activity of the taxpayer could be out of the tax scope or tax exempt. For the rental of furnished properties, specific conditions exist to benefit from the exemption of professional assets.²⁴

IFI is applicable if the net taxable value of the properties (i.e., fair market value on 1st January minus the deductible debts) is higher than €1,300,000 (same threshold as for the ISF). The net taxable value will be subject to progressive tax rates from 0% to 1.5% (same rates as for the ISF).

The deduction of the debts, including bank loans, from the wealth tax basis is subject to several conditions and limits.

A 30% deduction could be applied on the taxable value of the principal residence.

Sample Income Tax Computation.		
Laura owns a 2 bedroom house in France. She occasionally rents out a room during the weekends.		
The total gross rent received in 2023 was €6,000.		
There are two possibilities to determine the net taxable rental income.		
<i>Scenario 1:</i> Micro tax regime (<i>Micro-BIC</i>) for non-classified tourism accommodation - the taxpayer can deduct an expense allowance equal to 50% of the gross income (the 50% allowance is applicable in virtue of the tolerance granted by French tax authorities for 2023 income).		
		€
Gross rental income		6,000
<i>Less allowable expenses:</i>	50% tax rebate	(3,000)
Net taxable income		3,000

²⁴ The conditions of the real estate wealth tax exemption for professional assets are different of those to benefit from the regime of the professional furnished rentals for income tax purposes.

<i>Scenario 2:</i> Micro tax regime (<i>Micro-BIC</i>) for classified tourism accommodation - the taxpayer can deduct an expense allowance equal to 71% of the gross income (92% allowance if the tourism accommodation is located in a "non-tight" zone)		
		€
Gross rental income		6,000
<i>Less allowable expenses:</i>	71% tax rebate	(4,260)
Net taxable income		1,740

For each scenario, Laura will have to pay (i) income tax, i.e. progressive tax rates, and (ii) social surtaxes, i.e. 17.2% in principle, that will be calculated on the net taxable income.

* Please note that depreciation could be deducted within the limit of the amount of the rental income, less the amount of the other expenses relating to these goods. The depreciation surplus could be deducted during the next years within the same limits.

VALUE ADDED TAX

Value added taxes can be complicated and you should take time to understand the rules as they apply to you and your particular situation.

Broadly speaking, Value-Added Tax (VAT) in France is a tax on consumption. Most goods and services supplied in France are subject to VAT.

A person who supplies goods and/or services in France may have to charge VAT and pay this to the French tax authority. As with all taxes, we encourage you to consult a tax advisor regarding your potential VAT obligations in France.

If you are currently renting out a room to guests, you may be required to apply VAT to your rental charge and to pay this VAT amount to the French tax authorities. As Airbnb is not supplying the rental, it is the responsibility of the Host to consider local VAT obligations of the rental charge.

Do I need to collect any VAT from guests if I am letting short-term accommodation in France?

Hosts renting out accommodation through platforms are considered businesses for VAT purposes.

However, the rental of accommodation is, generally, exempt from VAT without the possibility to opt-in, as a result of which no VAT is due.

Nevertheless, the rental of the accommodation may be subject to VAT if the following two conditions are both met:

- the length of the stay should not exceed 30 nights
- the accommodation is rented out with at least three of the following services (i.e., similar to hotel-type conditions - “régime para hôtelier”): breakfast, cleaning, supply of linen, reception services.

Thus, if you provide accommodation in France and meet these conditions, you may be liable to register for VAT in France.

VAT does not apply where the Host is a “small undertaking” (this means that your turnover does not exceed the relevant threshold defined in the French Tax Code, i.e. €91,900 on the date of publication of the present Guide).

Please note that if you are an individual who is not resident in France, but your accommodation is located in France, you should register for VAT as no threshold applies to you.

The current “small undertaking” regime is due to evolve on 1 January 2025 with the introduction of a major reform. In particular, the threshold for accommodation services should be reduced to €85,000. Under certain circumstances, it should also be possible for EU residents to opt for this regime in France.

Do I need to collect VAT on other services relating to the supply of short-term accommodation in France?

Services other than accommodation services are, in principle, subject to VAT subject if the income received from the services exceed the threshold €91,900 (which is the threshold applicable on the date of publication of the present Guide).

Hosts who are French residents also have to account for French VAT (self-assessment) on fees invoiced by Foreign Service providers such as booking fees, marketing fees etc. These services are not subject to VAT in the country where the Service supplier is established if you provide him with your French VAT registration number. The threshold of €91,900 (which is the threshold applicable on the date of publication of the present Guide) is not applicable in that case.

We encourage you to consult a tax advisor if you need assistance in determining whether you need to register for and account for French VAT.

For further guidance on registering for VAT, please see the French tax authorities' website.

VAT applies to me. How do I determine how much tax I need to collect from my guests?

The amount of VAT payable to the French Treasury is calculated by taking the price excluding tax and multiplying it to the applicable VAT rate.

VAT rates differ per country, per nature of product and service and can change periodically. We recommend you to check on a regular basis with the local tax authority to get the most up to date VAT rates for the country where you are required to pay VAT.

For example, at the date of issuance of this document, the standard VAT rate is 20% in France while the VAT rate applicable to the supply of accommodation on a permanent basis with breakfast, cleaning, supply of linen services and with a reception in place is 10% .

However, there are other VAT rates currently in force in France, so we recommend that you confirm with a local tax advisor the VAT rate applicable to your supplies.

VAT applies to me. How do I collect VAT from guests?

If you determine that you need to charge VAT on the supplies that you make to guests, please keep in mind that you have to collect this VAT from your guests and report and remit this VAT on a periodic VAT return.

The amount of VAT to be paid to the Treasury consists in the difference between the VAT collected and the deductible VAT. The collected VAT is the VAT collected from the guests, whereas the deductible VAT is the VAT paid on purchases necessary for the rental of the accommodation. The right to deduct VAT is subject to certain conditions. Since not all expenses are deductible, we recommend you to contact a local advisor for further guidance.

In France, the VAT return typically covers a monthly or quarterly period (VAT returns can be filed quarterly if the VAT due is less than €4,000 annually) and is required to be filed between the 15th and 24th of the following reporting period (i.e. the January VAT return is due to be filed between the 15th and 24th of February). The VAT payment is required to be made on the same day that the VAT return is required to be filed. There are also certain simplified regimes that you may be able to make use of in which case an annual return may be filed.

Some formalities, such as issuing a receipt or an invoice to your guests, may be required. Please find more information on [this here](#). For further guidance on filing returns, please see [the French tax authorities' website](#).

There may also be requirements around whether you use VAT-inclusive or VAT-exclusive pricing. We recommend that you check your obligations in terms of pricing and the applicable invoice requirements with a local tax advisor.

VAT applies to me. What happens if I do not collect VAT?

If you are required to charge VAT but do not do so, the French tax authorities have a period of at least three years - which can be increased to ten years in case of fraud - to reassess you for non-payment and/or non-submission of VAT returns. In addition to the VAT due, you may be liable for late payment interests (0.20% per month) and a surcharge of 5% up to 80% of the amount of the VAT due. You may also face criminal prosecution for tax fraud.

