

*This guide has been prepared by an independent third-party firm*

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## **FRENCH POLYNESIA – PRIOR ADMINISTRATIVE DECLARATIONS AND TOURIST TAX**

You have decided to rent out one of your properties or a part of it, occasionally or in a usual manner via the Airbnb platform. You are now considered by the Polynesian law as practicing the activity of furnished accommodation rental.

You now have a few administrative and legal obligations regarding this activity.

Under the furnished accommodation rental rules, you have to declare this activity to the Tourism Service. You may find the form on [this website](#).

You also need to declare your activity at the city hall where your property is located.

Tourism tax will be due per night and per person. The amount of the tax depends on the location of your property and may vary between 20F.CFP/night/pers and 200 F.CFP.

Finally, you will have to declare your activity at the Chamber of Commerce. All useful information can be found on this website: <https://www.ccism.pf/la-ccism/vos-formalites>.

For more information on taxes applicable in French Polynesia, we refer to [the following website](#).

## **FRENCH POLYNESIA – TAX CONSIDERATIONS ON TOURIST FURNISHED RENTALS**

There is currently no specific tax regulation for short-term rental. However, reforms are in preparation on that matter. Nowadays, the laws relating to furnished rentals are applicable.

The following information can help you to get started learning about some of the tax requirements that might apply to you when providing furnished rentals in French Polynesia.

Tax can be tricky 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 supplying furnished accommodation rental in the French Polynesia, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to

you;

- Transactions Tax;
- Territorial solidarity Contribution on self-employed professions and activities;
- Patent Contribution;
- Social Contribution;
- Value added tax (VAT)

These different contributions and taxes are due depending on the income generated by the rental of your property, the diversity of your activities and the duration of your activity. Thus, there are three different regimes that could be applied to you, regardless of whether you are a Polynesian resident or not:

- 1. First, a total tax exoneration the year in which you start the rental as well as the following two years;**

**After the first three years of activity:**

- 2. Either the application of a simplified tax regime if it is not your only activity and it does not exceed a turnover of 10.000.000 F.CFP ;**

**or**

- 3. The application of the normal tax regime if it is your only activity or if you exceed a turnover of 10.000.000 F.CFP.**

Moreover, you would have to collect VAT if your turnover is above 10.000.000 F.CFP.

Please note that if you are not a resident in French Polynesia, you will have to appoint a tax representative.

Please understand that this information is not comprehensive and is not intended to be legal 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 don't update this information in real time, so you should confirm that the laws or procedures have not changed recently.

## **1. TOTAL TAX EXONERATION**

Whatever the amount of your turnover, you benefit from a total tax exemption the year in which

you start the rental as well as the following two years.

However, this tax exemption does not exempt you from administrative obligations and filing tax returns (see 2/, 3/ and 4/).

The total tax exoneration does not exempt you from paying the social contribution.

#### Social contribution:

- If you are not a resident in French Polynesia, you are not liable for social contributions.
- If you are a resident in French Polynesia, and you are not employed, you are liable for social contributions for non-employed social contributions. The social contribution rate is 9.84% of the monthly gross income. The minimum gross income to be considered as the basis for the calculation of the social contribution is 76.584 F.CFP, and the maximum gross income to be considered is 3.500.000 F.CFP. In other words, if your gross income is below 76.584 F.CFP, your social contribution will be calculated on the basis of 76.584 F.CFP; on the other hand, if your gross income is above 3.500.000 F.CFP, your social contribution will be calculated on the basis of 3.500.000 F.CFP.

## **2. APPLICATION OF A SIMPLIFIED TAX REGIME**

After the period mentioned in 1/, you may benefit from a simplified tax regime consisting in the application of a flat tax. This flat tax encompasses: Transaction Tax, Territorial solidarity Contribution on self-employed professions and activities, Patent Contribution and Apprenticeship Tax. This exempts you from filing tax returns regarding these taxes and contributions.

This regime is open to everyone except to the physical person whose only activity is the rental of land or buildings (bare or furnished). In this case, the normal tax regime will be applied to you.

The flat tax will be applied to you depending on the amount of your turnover in the previous year:

- If the turnover in the previous year is under or equal to 2.000.000 F.CFP the amount of the flat tax is 25.000 F.CFP for the current calendar year.
- If the turnover in the previous year is above 2.000.000 F.CFP and under 5.000.000 F.CFP the amount of the flat tax is 45.000 F.CFP for the current calendar year.
- If the turnover in the previous year is above 5.000.000 F.CFP and under 7.000.000 F.CFP the amount of the flat tax is 110.000 F.CFP for the current calendar year.
- If the turnover in the previous year is above 7.000.000 F.CFP and under 10.000.000 F.CFP the amount of the flat tax is 200.000 F.CFP for the current calendar year.

#### Threshold overrun:

**When you exceed one of the thresholds listed above:** you have to declare it to the tax administration (DICP) within 30 days of the overrun. The change in the flat rate will only be applied to you the following year.

**When you exceed 10.000.000 F.CFP:** you have to declare it to the tax administration (DICP) within 30 days of the overrun. and you won't benefit from the simplified tax regime for the current year.

#### Decrease in turnover:

**Decrease in total turnover one of the thresholds listed above:** you have to declare it to the Tax administration before 31<sup>st</sup> march of the following year. If you don't the rate applicable for the year of the decrease would be the same as the one applied to you the year before.

#### Social contribution:

- If you are not a resident in French Polynesia, you are not subject to social contributions.
- If you are a resident in French Polynesia, and you are not employed, you are subject to social contributions for non-employed social contributions. The rate is 9.84%.

### **3. APPLICATION OF THE NORMAL TAX REGIME**

The normal tax regime is applicable to you if you have a usual or occasional activity of renting furnished tourist accommodation as a lucrative activity and:

- Your turnover is above 10.000.000 F.CFP.
- Or if you are a physical person whose only activity is rental of furnished accommodation.

#### Transactions Tax

If the rental of furnished accommodation is your only activity, this tax is applied to gross income after a 50% allowance in order to take into account the incurred expenses (regardless of the actual amount of expenses incurred). For instance, if your rental income is 10.000.000 F.CFP, you are allowed to deduct 5.000.000 F.CFP when calculating your taxable income.

Then, the Transactions tax rates are the following:

<b>Taxable base fraction</b>	<b>Rates</b>
Under or equal to 5.500.000 F.CFP	1,5%
5.500.001 F.CFP to 11.000.000 F.CFP	4%
11.000.001 F.CFP to 22.000.000 F.CFP	5%
22.000.001 F.CFP to 55.000.000 F.CFP	6%
55.000.001 F.CFP to 82.500.000 F.CFP	8%
Above 82.500.000 F.CFP	11%

The Transactions tax return filing deadline is 31<sup>st</sup> March of the upcoming year. You may find the form on the Tax administration website: <https://www.impot-polynesie.gov.pf/>.

If you have another activity subject to Transactions tax than rental, you may have further tax obligations such as producing a balance sheet. Moreover, you might not be able to benefit from the 50% allowance if the actual annual charges are lower than the amount of the deduction.

As this is a complex matter that depends on the specific facts of your case, we encourage you to consult a tax advisor if you need assistance in determining your obligations regarding Transactions Tax.

### Patent Contribution

You are not subject to the Patent contribution if the amount of gross annual rental income is below 2.000.000 F.CFP. If your income is above 2.000.000 F.CFP, you will have to pay the Patent contribution.

The patent contribution is made of:

- A fixed fee which may vary between 15.000 F.CFP and 30.000 F.CF depending the geographical area where the accommodation is located for the activity of tourist furnished rental;
- A proportional fee that is equal to 6% of the annual rental value. A tax reduction is possible in the event of low occupancy of the accommodation according to the conditions determined by the Tax Code of French Polynesia.

You have to submit the application form of Patent Contribution when you start your activity. You can find the application form on [this website](#). For all your start-up formalities you need to

contact the nearest Chamber of Commerce (CCISM). You may find more information on the following website: <https://www.ccism.pf/la-ccism/vos-formalites>.

### Territorial solidarity Contribution on self-employed professions and activities

This tax is applied to gross income after a 50% allowance in order to take into account the incurred expenses. Then, the Territorial solidarity Contribution on self-employed professions and activities tax rates are the following:

<b>Taxable base fraction</b>	<b>Rates</b>
Under or equal to 5.000.000 F.CFP	0,75%
5.000.001 F.CFP to 10.000.000 F.CFP	2,75%
10.000.001 F.CFP to 20.000.000 F.CFP	3,25%
20.000.001 F.CFP to 50.000.000 F.CFP	3,75%
50.000.001 F.CFP to 75.000.000 F.CFP	4,50%
Above 75.000.000 F.CFP	5%

### Social contribution:

- If you are not a resident in French Polynesia, you are not subject to social contributions.
- If you are a resident in French Polynesia, and you are not employed, you are subject to non-employed social contributions. The social contribution rate is 9.84% of the monthly gross income. The minimum gross income to be considered as the basis for the calculation of the social contribution is 76.584 F.CFP, and the maximum gross income to be considered is 3.500.000 F.CFP. In other words, if your gross income is below 76.584 F.CFP, your social contribution will be calculated on the basis of 76.584 F.CFP; on the other hand, if your gross income is above 3.500.000 F.CFP, your social contribution will be calculated on the basis of 3.500.000 F.CFP.

**Maeva owns a house in Papeete which is her primary residence. She rents out a spare room 4 months a year for 4 years. Moreover, she is employed at a local firm. Maeva received total gross rent in 2023 of 1.200.000 F.CFP.**

	<b>F.CFP</b>
Gross rental income	1.200.000

Taxation	
Simplified tax regime	(25.000 )
Social contribution	0
Net rental income after taxation	<b>1.175.000</b>

**Teva owns a house in Moorea. He rents out the entire house 9 months a year for 6 years. Renting is his only activity.  
Teva received total gross rent in 2023 of 8.000.000 F.CFP.**

	F.CFP
Gross rental income	8.000.000
Taxation	
Transactions tax	(60.000)
Patent contribution	(663.889)
Territorial solidarity Contribution on self-employed professions and activities	(30.000)
Social contribution	(787.200)
Net rental income after taxation	<b>6.458.911</b>

#### **4. VALUE ADDED TAX (VAT or TVA)**

From January 1<sup>st</sup>, 2024, you may be subject to VAT if your turnover is equal or above 10.000.000 F.CFP. In this case, you would have to apply a 13% rate of VAT. This new threshold will already apply from the Q4 2023 tax period (for which the VAT return has to be filed no later than 15 January 2024). You would find all the forms needed on this website: <https://www.impot-polynesie.gov.pf/regime-reel-ndeg1010>

You may also choose to formulate a VAT option if your turnover is under 10.000.000 F.CFP. Please find all the forms needed on [this website](#).

As this is a complex matter that depends on the specific facts of your case, we encourage you to consult a tax advisor if you need assistance in determining your obligations regarding Transactions Tax.