



FISCAL DUTIES

Rental activities with Hotel services “BIC réel simplifié” registration and VAT liability

HOTEL SERVICES

The para-hotel activity is characterized when accommodation services are provided in conditions close to the hotel. The operator must offer at least 3 of the following services:



Regular cleaning

The owner must offer this service on a regular basis: The client can require a cleaning during it stay.



Breakfast

The owner must offer the breakfast according to the professional uses, that is to say either in the rooms or apartments, or in a specific place located in the building.



Linen

The owner must provide the linen during the stay to all tenants.



Reception

During the rental period the operator must offer to the customer a reception service even if not personalized. This reception can be entrusted to an agent in a place different from the rented premises

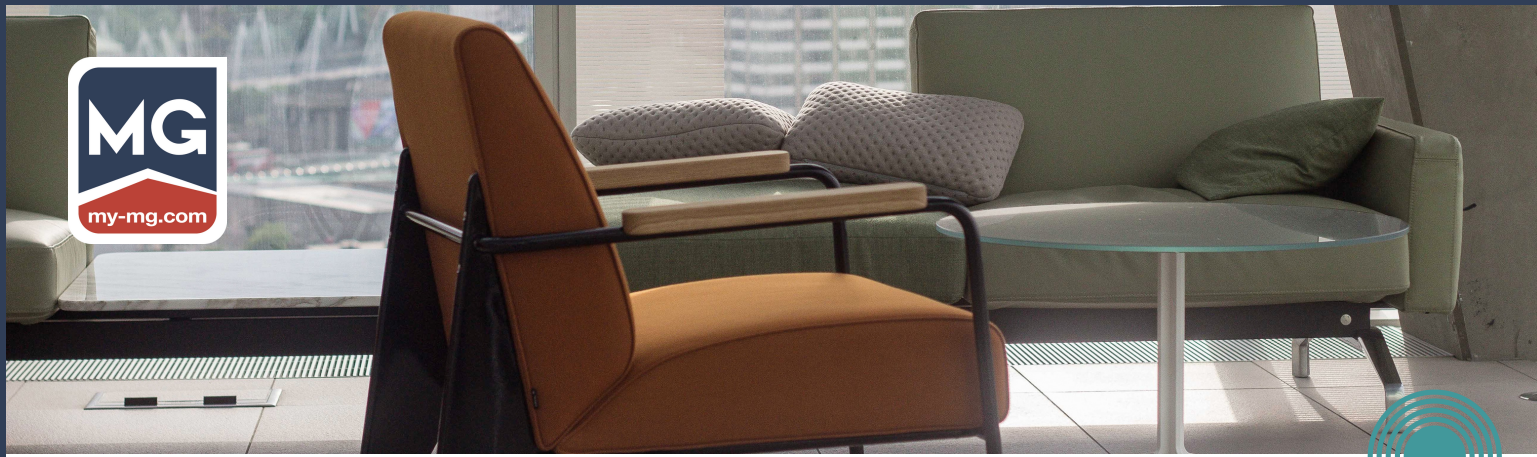
VAT LIABILITY

When you buy a newly built property and decide to rent it with hotel services, you have the possibility to get a refund of the VAT paid on purchase price.

In return you need to rent the property for 20 years and your rents are liable to VAT (10%).

When you rent a property with hotel services: The rents are paid with VAT. The owner has to submit an annual VAT declaration to repay the VAT on the rents. He has to declare the VAT on rents less the VAT on charges.

If you decide to stop the rental activity or to sell the property before the 20 years rental period, you will have to repay a part of the VAT on purchase price.



TAXES DUE BY THE OWNER

The property tax (taxe foncière)

It is a local tax which is payable every year on October 15th. Everyone who owns a property in France has to pay it once a year whereas the property is rented or not.

The council tax (taxe d'habitation)

This tax is due on November 15th every year. You can be exonerated if you never use your property but it is not systematic.

The professional tax (Cotisation Foncière des Entreprises)

This tax is payable every year on December 15th. You can be exonerated if you have register your property as a meublé de tourisme. The notification is never sent by post, you need to connect to your "espace professionnel" on www.impots.gouv.fr to get a copy and pay it online.

TAX RETURN

Every year the owners have to submit the following declarations:

The 2031 tax return: you will declare against your annual rents all the charges and expenses but also the depreciation of your property (90% of the value over 30 years)

This declaration have to be submit every year before May 03rd.

The CA12 VAT return: you will claim the VAT on your rents (10%) less the VAT on your expenses (20%). (To deduce the VAT on charges, you need an invoice showing a VAT rate of 20%)

This declaration have to be submit every year before May 03rd.

The annual income tax return: This tax depends on the result of your rental activity declaration. If the result is a loss, you are not liable to this tax, if it is a profit you pay 37.2% tax on profit.

This declaration have to be submit every year before end of May.

MG FP services

- Registration of your rental activity and set up of your file (registration of your bank details for the VAT liability, opening of your professional file on www.impots.gouv.fr)
- Submission of the annual 2031 rental activity tax return
- Submission of the annual CA12 VAT declaration
- Submission of the annual income tax return
- Correspondence with the French tax office about your rental activity.