

WITHHOLDING TAX

FAQ

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N°4



I am a foreign employee, how do I determine my tax home for the withholding tax?

The rules that take precedence over tax domiciliation are international conventions established between states. In case of absence of agreement, it is the internal law of the country of residence, which is authentic. In France, under Article 4-B of the French Tax Code, you are considered to have your fiscal residence in France if you meet one of these two criteria:

- If your home (spouse, partner of a PACS or children) or your tax residence (principal residence) remains in France even if you stay temporarily or for a longer duration abroad;
- If your main activity is in France (in case of multiple activities, it is the one that mobilizes the most effective time or that creates the bulk of your income);



The tax residence situation is assessed individually for each member of the household. Thus, if you are in a relationship, it is possible that you are considered a tax resident and your spouse as a non-resident.

Non-resident persons who receive income from a French source must declare this income to the French tax authorities. The only exception is that if a tax treaty passed between the two countries grants the power to tax income from French sources in the state of residence (in practice, it is in fact quite rare for the income below).

Examples of income to be reported by a non-resident:

- Income from professional activities, whether salaried or not, exercised in France;
- Retirement pensions

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I am a non-resident in France, what are the consequences of the withholding tax for me?

Income subject to the withholding tax for non-residents (for example salaries linked to an activity in France and pensions paid by a French organization) will not be subject to the withholding tax and their methods of deduction are therefore unchanged.

Persons domiciled abroad for tax purposes are affected by the withholding tax only for income that does not fall under the specific non-resident withholding tax. It is essentially land revenue and income of the self-employed.

For the income subject to the withholding tax, you have no particular step to make with the tax administration except continue to file a tax return for taxable income in France. Your 2019 deposits will be automatically calculated and deducted from your bank account based on your income statement filed in the spring of 2018.

A non-resident may therefore be affected by the withholding tax for part of his income and by the withholding tax of non-residents, depending on the nature of the sums collected and taxable in France.



I am a foreign employee and I have started to work in France during 2018 or early 2019, what withholding tax rate will be applied to me?

Automatically the neutral tax rate will apply. You can opt for the different rates until **September 15, 2018**. To do this, log in to your personal space of www.impots.gouv.fr, heading "*Gérer mon prélèvement à la source*"

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If you declare your taxes in France for the first time and you do not yet have a tax number, you do not receive a pre-filled income tax return directly from the tax authorities, you must obtain a "paper tax return". "(Form 2042).

- By downloading it on www.impots.gouv.fr, in the search bar at the top of each page, type Form 2042 and the desired year;
- Alternatively, by removing it from the tax office (personal income tax office) in your home.

I am a foreigner and I work occasionally in France as a visitor for a period of less than or equal to 3 months, am I affected by the withholding tax?

No, you are not affected by the withholding tax because you are not a French tax resident.

I am a foreign employee and I return to my country, am I still affected by the withholding tax?

Yes. All you need to do is file your income tax return for your income before you leave.

For more information on withholding <https://www.economie.gouv.fr/prelevement-a-la-source>

To refer to our newsletter on withholding tax, click [here](#)