

The use of an SCI to acquire property in France

By Prof. Robert Anthony

An SCI (Société Civile Immobilière) is frequently used as a means to acquire property in France, and is appropriate for both French fiscal residents just as it is for non-residents.

A “société civile immobilière” is a civil company having by definition its registered office in France, for it to then acquire property. The SCI, being a civil company, is owned by ‘associates’ who,

in the majority of cases, are members of the family, so indicating that the overall ownership of these SCIs is affected by private individuals.

The ‘associates’ can either be French residents, just as they can be non-residents. It is important, however, to note that there are fiscal consequences to the purchase of a property through an SCI, and that these need to be analysed not only from the French legal perspective but, where the ‘associates’ are non-resi-

dents, also in conjunction with the provisions of the double tax treaties applicable to their country of residence.

With regard to successions, it is true that the use of an SCI does create the environment in which to circumvent what would otherwise be awkward aspects of French law. French law provides that in the event of the death of the property owner, the property itself is split between the various inheritors that there may be and, if the surviving spouse is amongst



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these, this can affect their enjoyment of the property and, perhaps more specifically, their ease of being able to dispose of the property or even their share in it.

However, the SCI does enable parents to retain control over the company. In the statutes, the shareholding couple can, in the event of one of them predeceasing the other, ensure that their children inherit their share whilst the company continues with the surviving parent having all rights over the assets of the company. Subject to other formalities, the SCI can ensure that the last parent alive retains control of the company, and of the property within, even though half the ownership is in the hands of the children.

As to successions, shares are far easier to transfer than part of a property, so facilitating the orchestration of the succession, notwithstanding the fact that

the company statutes can be varied at all times.

If non-residents are concerned, the SCI can be of immense use as it can enormously facilitate dealing with the transmission of assets due to its flexibility.

Yet another advantage of an SCI is that its net value can be reduced through the use of debts and private loans, and so aide the reduction of wealth tax and liabilities arising from inheritance tax.

As always with important financial operations, it is a paramount requirement to have the assistance of professionals. Each case is different and requires its own evaluation and feasibility study. The involvement of a professional will enable the right information to be presented to you, at the right time, in the right manner, all in order for you to be able to make the right decision.



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