

Who has the magic formula to reduce my wealth tax?

Jean-Michel
REIMS

How is it possible to reduce wealth tax, which is payable by mid-June, without the wave of a magic wand?

By taking advantage of some investment opportunities in 2008, such as:

- Investing in 'Wealth Tax' funds, FIPs [Local Investment Funds] or FCPIs [Innovation Investment Funds]
- Investing in Wealth Tax holdings
- Limiting the taxable amount
- Requesting a refund of the tax which exceeds 50% of your income ['bouclier fiscal' – Sarkozy's 'tax package'].

All in all a tax reduction which could amount to up to €50,000.

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[4 ways to reduce your wealth tax...](#)

[*] Wealth tax is a French tax paid if your net assets are worth more than €770,000 (threshold as of 1st January 2008). The particularity of wealth tax is that it is declared and calculated by self-assessment. The onus is on the individual to work out the value of their assets on 1st January, calculate how much tax to pay and send their declaration, along with a cheque, before 15 June, to the French Tax Authorities, and even more strangely, to the companies tax office.

4 ways to reduce your wealth tax...

By choosing « Wealth Tax » funds

You have the choice between FIPs or dedicated FCPIs. This type of investment is suitable for those tax payers who wish to insure against risks by investing, via a holding company, in several SMEs (small and medium sized enterprises), rather than in only one company.

These funds have to obey specific rules: 20% of the FIP ISF [wealth tax FIP] must be invested in an SME which is less than 5 years old ; this increases to 40% when it is an FCPI ISF [wealth tax FCPI].

Via an FIP or an FCPI ISF, the tax reduction increases to 50% of the investment, up to a limit of €20,000.

These funds enable certain tax payers to benefit from a double tax advantage. By investing in an FIP or an FCPI ISF wealth tax and income tax can be reduced.

Which taxpayers should subscribe to this offer ?

ISF funds are principally aimed at taxpayers who have assets worth less than €3.5 million.

Taxpayers who do not benefit from the 'bouclier fiscal' [tax package], who do not have regular income, such as the self-employed who make non-commercial profit or industrial and commercial profits, and senior executives, for example.

An important offer with strict deadlines.

It is essential to respect the deadlines in order to subscribe to these funds. Subscriptions to the majority of the funds will be closed by the end of May 2008.

By directly investing in an ISF holding company

These holdings are suitable for the highest taxpayers who are prepared to invest large sums to qualify for a reduction in wealth tax, superior to that which is offered by a FIP or a FCPI ISF.

The investment is made in a holding which distributes the amounts between different SMEs [thus spreading the risk].

The tax advantage of using this type of investment amounts to 75% of the amounts invested, up to a limit of €50,000.

Anthony&Cie

Financial Planning

Anthony & Cie
T: +33 (0)4 93 65 32 23
F: +33 (0)4 93 65 42 45
473 route des Dolines, Villantipolis 11
06560 Valbonne Sophia Antipolis

Anthony & Cie Paris
T: +33 (0)1 53 43 01 01
F: +33 (0)1 40 07 03 30
9 rue d'Anjou
75008 Paris

info@antco.com
www.antco.com

Anthony & Cie - Sole proprietorship with limited liability €15,244.90 - N° SIRET 353 037 849 00067 - N° CIF A004300 - N° Orias 07 002 168
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Activity: financial services adviser - Registration number: 2052023656VB
Financial Investment Advisor
Member of the CIP [Independent Financial Advisors] and the French CGPC Association [Certified Financial Planners]

By limiting the taxable amount

• By subscribing a life-insurance contract, of which all or part of the investment is from the part subject to wealth tax.

• By taking out an equity release on a property, and using the liquidity released to invest in works of art.

• By purchasing the freehold of a property.
The temporary freehold is available at the end of 15 years, and you can resell the property without being taxed on the capital gain.

By requesting a refund of the taxes exceeding 50% of your revenue [bouclier fiscal]

Sarkozy's tax package allows direct taxation to be limited [income tax, wealth tax, habitation tax and land tax on your principal residence] as well as the 11% social contributions applied to 50% of your income [taxable and non-taxable].

Our advisors are at your disposal to :

- Carry out a tax audit
- Advise you on the best path to follow
- Propose a selection of high-performing products

Contact us today:

- ▶ in Sophia Antipolis : 04 93 65 32 23
or info@antco.com
- ▶ in Paris : 01 53 43 01 01
or infoparis@antco.com

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