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FRENCH TVA (VAT) RATE INCREASE TO IMPACT ON LEASEBACK INCOME & COST OF PROPERTY RENOVATIONS

Article 11 - Finance Bill for Amendment to 2011 Finance Act

Whilst the standard rate of TVA in France stands at 19.6%, many goods and services benefit from a reduced rate of 5.5%. These include the TVA rate chargeable on rental income generated by leaseback and residence de tourisme arrangements. It also applies to property renovation works as well as to utilities such as gas, water and electricity rates.

Article 11 of the above bill proposes to increase this lower rate from 5.5% to 7% to all such items with the exception of food products and goods and services designed for and provided to the disabled.