

# Charles Hamer Financial Services

INDEPENDENT FINANCIAL ADVISERS

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## **INCREASE IN LIVRET A AND LIVRET DE DEVELOPPEMENT DURABLE INVESTMENT LIMITS.**

Amongst all the tax and social security contribution hike gloom from the latest French budget proposals, we are able to provide a nugget of good news.

The investment limits of both Livret A and Livret de Developpement Durable (LDD) were increased by 25% on the 1<sup>st</sup> October 2012 to €19.125 and €12.000 respectively. A further increase is due at the end of the year.

Both investments are forms of French tax exempt instant access cash deposit savings accounts: interest paid being exempt from both French income tax and Prélèvements Sociaux. With the interest rate for both types of account currently standing at 2.25%, this represents a highly competitive option for cash deposits held in €.

For a French resident taxpayer the interest rate is equivalent to 3.43% gross on a taxable deposit account whose interest is subject to tax under Prélèvement Forfaitaire Libérateur.

For both Livret A and LDD the interest rate is set centrally – in practice by the Banque de France. It is normally reviewed half yearly (January and July) and currently is set to represent both average inflation plus average 3 month Euribor subject to a minimum rate of inflation plus 0.25%, subject to a maximum modification every 6 months of 1.5%.

Unlike UK cash ISAs, both accounts can be dipped into and topped back up to the investment limit on an ongoing basis. Withdrawing initial invested funds does not prevent deposits being made in the future in order to bring the account back up to its limit. These accounts are therefore extremely useful as regular deposit accounts for cash holdings intended for active financing of ongoing household expenditure.

Whilst LDDs are reserved for tax residents of France, Livrets A are accessible to non residents, although for a UK tax resident the interest is chargeable to UK income tax and therefore interest needs to be declared via self assessment.

For a French tax resident household couple then, a total of €62.250 can be squirreled away to enjoy tax exempt interest at 2.25%

For further details on either of these accounts, how they can work for you or to open an account via a bank with English speaking staff, please contact me, Chris Ellis on 00 44 (0)1844 218957 or email me at [chris@charleshamer.co.uk](mailto:chris@charleshamer.co.uk).

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