Responses prepared by the Bellegarde-sur-Valserine Service des impôts des particuliers (SIP, private citizens’ tax office) to the questions most frequently asked by members of the personnel

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1. Tax domicile and the obligation to declare one's income

1.1 Who has to complete an income declaration form in France? For example: I started at CERN as a Fellow in November 2018 – do I have to complete my income declaration form in 2019 in France or in my country of origin, or in both? What if I have kept a domicile in my country of origin?

Every year, everyone domiciled in France (mainland or overseas departments) must submit a declaration of all their income and their family dependents (Code Général des Impôts (CGI, general tax code), Art. 4).

This concerns (Art. 4B of the CGI):

a) people whose home or main place of residence is in France;

b) those who perform their professional activities, whether in receipt of a salary or not, in France, unless they can prove that the activity performed in France is secondary;

c) those who have the centre of their economic interests in France.

Just one of these criteria needs to apply: we try to verify whether the person fulfils the first criterion, and if not, the second, and so on.

People who receive profits or income, the taxation of which is France’s responsibility under an international double-taxation agreement, are also liable for income tax, regardless of their nationality and of whether their tax domicile is in France or not (Art. 4B of the CGI).

As soon as a person fulfils these criteria, he or she is bound to declare his or her income in France, even if the duration of the stay is less than one year. Thus, someone who arrived in France in November 2018 must declare their income earned in 2018 for the period during which he or she fulfilled the criteria stated above, that is, from November to 31 December 2018.

Taxpayers who have retained their tax domicile in another country are not obliged to declare in France, except for certain incomes (income from property). The taxation of any income earned in France is defined by the tax agreement in place between France and the country of residence. In the absence of such an agreement, the income is liable for taxation in France even if it has been taxed in the country of residence.

Of course, the French tax administration could have cause to redefine a residence in France as a tax domicile if the taxpayer fulfils one of the criteria outlined above.

1.2 When should the declaration be completed? Should members of the personnel inform the Service des impôts of their arrival as a resident in France immediately or should they wait until May? Residents do not receive the declaration form automatically in the first year in which they must complete it - can they receive it automatically or do they have to request it?

Income declarations must be submitted during May of the year following the year during which the income was earned. In principle, the tax services do not need to be informed of the taxpayer’s arrival before the declaration is submitted, as nothing will be sent to them and no tax will be envisaged. The date used to determine liability for local taxes (“taxe d’habitation”, residence tax, and “taxe foncière”, property tax) is 1 January of the tax year. A taxpayer who comes to live in a residence (or becomes its owner) after this date is not liable for tax on these that year.

Note: A person’s place of residence on 1 January also determines his or her “adresse fiscale de taxation” (address for tax purposes) for income tax and, by extension, the competent service that will
handle his or her taxation. For income tax for the year 2018, which will have to be declared in May 2019, the place of residence on 1 January 2019 is used (this date also determines the application of local taxes).

Taxpayers are of course unknown to the tax services until they submit their first income declaration and therefore cannot be sent a declaration form to complete. This first year, the taxpayer must take the necessary steps to obtain a blank declaration form, either by asking at an office of the Direction Départementale des Finances Publiques (DDFIP, departmental directorate for public finances) (Bellegarde SIP, Trésorerie (treasury) of Gex or Ferney-Voltaire) or at some town halls (Gex, Ferney-Voltaire) or by downloading it from www.impots.gouv.fr. Taxpayers can also declare their income online, even the first time.

A new taxpayer still cannot file his return over the Internet. It should be noted that, since the transition to tax deducted at source, a new taxpayer may have an interest (e.g. setting up a direct debit...) in being known to the tax authorities. A new form, declaration n° 2043, allows one to be registered and have a tax number. This declaration, which is not strictly speaking a tax declaration (even if the income must be indicated for the calculation of the tax rate), does not exempt you from filing an income tax declaration (form no. 2042) under the usual conditions.

1.3 What are the consequences if I forget to complete my declaration within the deadline?

In the absence of a declaration, the tax authorities may send the taxpayer a declaration request or a formal notice to submit the declaration. It may, under certain conditions, commence compulsory taxation of the income of which it is aware, and may even undertake a compulsory assessment. If the taxpayer is then taxed, the tax due according to the scale in force may be increased by up to 40% plus late-payment interest at a rate of 0.2% per month overdue.

The non-taxation in France of income from CERN does not in any way waive the obligation to submit a declaration, even if the application of an increased rate of tax or of interest on late payments is only theoretical in this case since the amount of tax due is often €0 (except for taxpayers who have other sources of income aside from CERN: income from property, securities or even income in the spouse’s name in cases of joint taxation (married couples or civil partners)).

1.4 What should I do when I leave CERN and/or my residence in France?

In general, the authorities should be notified immediately of any change of address, even if the new address is abroad, to ensure the delivery of mail relating to taxation. To do this, please either contact one of the DDFIP services mentioned above or use the site www.impots.gouv.fr. This will ensure that the declaration form is sent to the new address.

Considering that the income for a given year is declared the following year, taxpayers who moved abroad during 2018 must declare the income that they earned in France up until their departure in 2018.

The tax authorities provide online services allowing taxpayers to declare their income from abroad and to make payments where necessary.

1.5 Whom can I contact, if necessary, to ensure that I fill the form in correctly? Do they have English-speaking advisors?

A certain amount of information is provided for taxpayers on the general online portal (www.impots.gouv.fr), some of which is in English. The Centre impôts Service (tax hotline, 0810 467 687) can also provide information on the basis for taxation. The Centre de Prélèvement Service (collection service, 0810 012 011) handles questions concerning payment in monthly instalments or online.

For more personalised information, please contact either your local SIP (Bellegarde-sur-Valserine for
residents of the Ain) for any queries regarding taxation arrangements and calculations, or the competent Trésorerie for your place of residence (Trésorerie of Gex or of Ferney-Voltaire for residents of the Ain) for queries regarding payment.

For help filling in the form or for questions relating to the rights and obligations of taxpayers, please contact the competent SIP. As a rule, these offices are open to the public every day from 8.30 a.m. to noon and from 1:30 p.m. to 4 p.m. You will be seen by an advisor and, for more complex questions, a personalised service is available. You can also make an appointment. The service can also be contacted by e-mail (sip-sie.bellegardesurvalserine@dgfip.finances.gouv.fr) or phone (04 50 56 69 40) (these details are only relevant for taxpayers domiciled in the Ain).

A dedicated information campaign is organised during the three weeks leading up to the declaration deadline.

These services are generally provided in French but can also be provided in basic English.

The details of the various competent services are provided on the pre-printed declaration forms and notices.

By logging into their “espace particulier” on www.impots.gouv.fr, users can now contact their SIP using their secure messaging and/or request an appointment with the relevant department.

1.6 Is it normal for someone who arrived in 2019 to receive a request in September 2019 to declare the income earned in 2018?

Only those people who were residing in France during the year under consideration are obliged to declare the income earned in France in that year. It follows that a person who moved to France in 2019 is not obliged to submit an income declaration for 2018.

1.7 How should someone who spent a short time in France (e.g. 9 months, 12 months, 18 months) go about declaring any income earned in France to the SIP (Service des impôts des particuliers)? After informing the SIP of a new address abroad, should one expect, the following year, to receive the income declaration form at that new address abroad? Or is it necessary to declare the income earned in France before leaving the country? How should one proceed in the latter case?

Taxpayers who are domiciled in France are obliged to submit a declaration of income within the normal time-frame, i.e. the year following the year in which the income was earned. In principle, taxpayers in the situation described will not receive an income declaration form and will thus have to obtain one for themselves from the website http://www.impots.gouv.fr.

If the period of residence in France stretches over two calendar years, these taxpayers will be identified by the SIP and will receive an income declaration form.

Any changes of address must, of course, be communicated to the SIP.

1.8 How can one obtain a tax number, which is often required by banks, when no tax declaration has yet been filed?

If the new arrivals are unknown for tax purposes in France, they may file a declaration no. 2043, allowing them to have such a number by attaching a copy of an identity document and indicating in the section entitled “Information”: “Member of CERN personnel subject to internal CERN tax and, as such, exempt from tax on salaries and fees paid by CERN”.

Please note that persons subject to the residence tax have a valid tax number.
2. Declaration of income

2.1 Are there any new recommendations regarding the 2019 income declaration? Any special warnings?

Internet reporting is now mandatory for all users. Only those who are technically incapable or otherwise unable to file an electronic declaration can continue to file a paper declaration.

2.2 What is the recommendation for people at CERN - should one submit a hard-copy declaration (attaching the annual internal tax certificate) or make a declaration online?

In principle, CERN employees who meet the aforementioned income criterion are obliged to submit their declaration online. At the same time, they are also obliged to supply their CERN annual internal tax certificate. So they must make their declaration online, under the same conditions and within the same time frame as other taxpayers, and then send their annual internal tax certificate to the SIP by post or via their secure email by connecting to their “espace particulier” on the website www.impots.gouv.fr.

2.3 Will the implementation of a tax deducted at source change anything for CERN members of personnel? (For example: will it still be necessary to file a tax declaration?)

The reform of the tax deducted at source is only a reform of the tax collection. It therefore only concerns ways of paying one’s income tax. The reporting procedures and tax management rules are therefore not affected by this reform. The filing of an income tax declaration is still necessary and is done under the same conditions as before the reform.

2.4 Is it mandatory to provide bank details to finalise the tax return online and how can they be used (possible tax credit...)?

Bank details are mandatory in order to be able to collect any down payments but also to refund overpayments or tax refunds (tax credit, for example). Thus, online entry is not possible without bank details.

3. Content of the income declaration form

Income declaration is a global obligation, meaning that it concerns all incomes, except for those that are explicitly exonerated, that the taxpayer earns over the course of the fiscal year in question.

3.1 What income aside from income from CERN needs to be declared (bank interest, etc.)? Does the income from the rental/sale of a property abroad need to be declared in France? If yes, how? What should I do if I’m subject to the “impôt sur la fortune immobilière” (IFI, wealth tax)?

The income that must be declared, unless explicitly exonerated by legal provision, is as follows:

- salaries and related income: subsistence allowances, paid leave, additional salary benefits, etc.;
• pensions: retirement pensions, annuities, maintenance, etc.;
• income from securities: interest, dividends, income from stocks and shares, etc.;
• capital gains on the sale of securities;
• rental income (unfurnished property);
• professional income: agricultural profits, industrial and commercial profits (also including income from renting out furnished property, non-commercial profits, etc.

This income must also be declared if earned abroad, but, depending on the tax agreements, mechanisms exist to avoid double taxation. These agreements sometimes provide for the exoneration of certain income.

In the absence of a tax agreement, the income may be taxed in both countries (the place of residence and the place of income).

Rental income earned abroad is handled in line with the various agreements. If no agreement is in place, it is liable for taxation in France.

If you are subjected to the IFI, you must complete an IFI declaration no. 2042-IFI.

3.2 What supporting documentation does the Service des impôts need along with the income declaration form? Do I need to provide proof of taxation abroad?

As a general rule, taxpayers no longer have to provide supporting documentation unless they wish to declare a special exoneration. However, the tax authorities can request any supporting documentation after the declaration has been submitted.

CERN personnel must therefore provide evidence of the internal taxation on their earnings, and, to this end, they are asked to attach the CERN certificate to their declaration form.

Similarly, evidence of taxation abroad is required when the income is declared in France but is subject to a provision aimed at avoiding double taxation (in the case of those employed in the Canton of Geneva or receiving property income in the UK).

3.3 How is the income declaration linked to residence tax?

“Taxe d’habitation” (residence tax) is a tax associated with the occupancy of residential accommodation and/or dependencies of such accommodation. “Occupancy” should be understood to mean that the taxpayer is in a position, if he or she so wishes, to use the premises for their defined purpose. Unfurnished accommodation is not, therefore, subject to residence tax.

This tax is established on the basis of occupancy on 1 January of the year in question.

The income declaration is used to update information on the residence tax. Family status and, to a lesser extent, income, can have an impact on the amount due: the law allows for abatements for dependents as well as a ceiling relative to income. In the absence of a declaration, these various adjustments are not calculated.

Note: Although income from CERN is not taxable and not declared, this does not allow the taxpayer to benefit from the full ceiling on the residence tax on the basis of the amount of income. CERN employees must therefore tick box 8FV of the income declaration form, which excludes them from this mechanism.

If this box is not ticked, certain taxpayers might be wrongly exempted from residence tax.
3.4 How does the SIP identify a tenant, who is not a taxpayer in France, with regards to the residence tax? Do landlords have an obligation to notify the SIP of any new tenants? Or can they pay the residence tax on behalf of their tenant?

The residence tax is due by the occupant of the dwelling. On the other hand, landlords have a legal obligation to declare the moves of their tenants, if they do not want to be held responsible for the non-payment by the latter of the residence tax. In absolute terms, it is desirable for landlords to declare their tenants.

In the case of subletting (room rental, for example), the owner remains liable for the residence tax.

3.5 How does the family status affect the tax situation? If my spouse/partner declares his or her income, how is the income from CERN taken into account? If my spouse does not live in France, do we have to complete two separate declarations?

Income tax is assessed for each “foyer fiscal” (fiscal household). For a married couple or civil partners, the fiscal household comprises the spouses or partners and, if applicable, their dependent children. The declaration must include all taxable income earned by the fiscal household.

In the case of CERN employees, who are not required to declare their salaries, the basis for taxation will consist of the other incomes of members of the household, with the CERN income having no effect on the tax liability.

If the spouses live apart in France, they can complete separate declarations on the three conditions that they are married under a “régime de séparation de biens” (separation of property regime), that they live separately and that they each earn an income. In this case, the number of units included in the “quotient familial” (family quotient) used to calculate the tax is the same as for widows and widowers and people who are single, divorced or separated.

If one of the spouses lives abroad and is not a tax resident in France, the spouse residing in France declares only his or her own income, without taking into account the income of the non-resident spouse. In this case, the number of units included in the family quotient used for the calculation of tax is the same as for people who are married or have a civil partnership.

3.6 Does the spouse of an employee with his or her own income have a particular interest in exercising an option regarding the tax rate (personalized household or individual rate, non-personalized rate)?

In the absence of other income for the CERN employee, the individualisation of rates has no impact: the household rate is the same as the rate of the tax filer with taxable income and the CERN employee’s rate is zero.

3.7 How is income from the US handled by the Service des impôts, particularly if, as a US citizen, I have kept my domicile in the USA?

France and the US have a tax agreement. Income from the USA (salaries and related income, income on securities, professional income and real-estate income) must be declared in France.

Depending on the type of income and whether it is taxable in the USA, mechanisms are applied in France to avoid double taxation.

Thus:
- For private or public salaries and private or public pensions received in the USA, a tax credit equal to the amount of the French tax applicable to this income is granted.
- For interest and dividends received in the USA by US nationals resident in France, a tax credit
equal to the amount of the French tax applicable to this income is granted.

– For interest and dividends received in the USA by non-US nationals resident in France, a tax credit equal to the amount of the tax levied in the USA is granted.

– For industrial, commercial and non-commercial profits, a tax credit equal to the amount of the French tax applicable to this income is granted.

– Finally, for real-estate income received in the USA, a tax credit equal to the amount of the French tax applicable to this income is granted.

Naturally, in order to be eligible for these various tax credits, the income must have been subject to withholding at source in the USA. In practice, tax on interest is rarely withheld at source in the USA, which means that it is taxed in France.

Evidence of the payment of tax by withholding at source in the USA must be provided.

4. Declaration of foreign bank accounts

4.1 How should I declare my Swiss bank account or other bank account outside France? Is it sufficient to complete declaration 3916?

The declaration of bank accounts abroad is mandatory with a report on form 2042. To do this, check box 8UU or 8TT on form 2042 of the income tax return, depending on the nature of the account, then complete and attach form 3916 or indicate on free paper the references of these accounts and the addresses of financial institutions.

The e-declaration system allows for up to 99 bank accounts to be declared.

4.2 What are the consequences if I forget to declare a foreign bank account? What steps should I take to rectify the situation?

If a bank account opened abroad is not declared, a fine of €1,500 is applied. This is increased to €10,000 if the account is opened in a State that does not have an administrative assistance agreement with France allowing access to bank information.

If the total credit balance of the undeclared foreign accounts was equal to or more than €50,000 on 31 December 2018, the fine per non-declared account is equal to 5% of the credit balance and can be no less than either €1,500 or €10,000 as applicable (CGI, Arts. 1649 A and 1736; official bulletin BOI-CF-CPF-30-20).

Added to this are the possible corrections to the income tax and wealth tax, including the applicable late-payment penalties and interest.

As part of the procedure for the rectification of undeclared assets abroad, taxpayers can make themselves known to the authorities and voluntarily bring their past tax situation into line at any time by paying all evaded tax that has not lapsed under the conditions of common law as well as the relevant penalties and fines.

This concerns only voluntary declarations and rectifications.

Taxpayers must submit corrective declarations (for income tax and, if applicable, wealth tax) covering the whole period of remaining liability. In addition to the declarations, the following must be submitted:

– a note explaining in detail and justifying the origins of the assets held abroad, accompanied by
any supporting documentation proving this origin or allowing it to be established;
- evidence of the total amounts of assets held abroad, directly or indirectly, and of the income earned on these assets over the period concerned;
- if the assets originated from an inheritance or a donation, a certificate from the financial establishment specifying that no funds have been paid into the account by the taxpayer or any other evidence allowing the authorities to establish that the taxpayer has not paid funds into the account since the inheritance or the donation;
- an affidavit from the taxpayer certifying that the information provided is correct and takes into account all non-declared accounts and assets held abroad that he or she owns or of which he or she is the beneficial owner or economic beneficiary.

Taxpayers will have to pay all additional taxes for which they are liable.

The extended limitation periods set out in Article L169 of the *Livres des procédures fiscales* (LPF, tax procedures handbook) apply.

Additional taxes will include, in compliance with common law, the following penalties and fines:
- interest at the legal rate laid down in Article 1727 of the CGI;
- an increase of 40% for wilful evasion as laid down in Article 1729 of the CGI or an increase of 10% for a failure to declare legally as laid down in Article 1728 of the CGI;
- the fine for non-declaration of assets abroad laid down in paragraph IV, Article 1736 of the CGI (see above).

However, to take into account a taxpayer’s own voluntary declaration, the increase for wilful evasion and the fine for a failure to declare will be capped at:
- 15% for the increase for wilful evasion relating to assets received as a donation or inheritance and assets earned while the taxpayer was not a tax resident in France;
- 30% for the increase for wilful evasion in all other cases;
- 1.5% of the value at 31 December of the year in question for the fine for failing to declare assets received as a donation or inheritance and assets earned while the taxpayer was not a tax resident in France;
- 3% for the fine for failing to declare in all other cases.

These rectifications are not managed by the SIP, but correspondence should nonetheless be sent to its address.

### 4.3 Is it possible to rectify one’s declared situation using the declaration form or through the STDR (*Service de traitement des déclarations rectificatives*)? What should people who have been contacted by the STDR expect?

To rectify one’s declared situation, it is necessary to contact the STDR. The fines and penalties in this context have not changed.

### 5. CERN Users

CERN Users enjoy the same condition of exemption as CERN employees, but only on payments from CERN that are subject to internal taxation, on the understanding that they are liable to pay tax on income received from their home institute and on any other income under common law conditions.

If the tax agreement in place between France and the country of origin of the income allows, they may be
covered by exemptions, which are often temporary.
When these exemptions expire or if the agreement does not provide for special arrangements, the taxation will be done according to the provisions of the agreement regarding salary payments.
If no agreement is in place, they will be taxed in France.

5.1 Do users have to use Form 2047 for the income they receive from their home organizations?

The income of users is taxed in accordance with the provisions of the tax treaty concluded between France and the country of origin of the income. It is this agreement that sets out the tax arrangements and, depending on these arrangements (for example: taxation of income in France, declaration of income in France and benefit of a tax credit or taxation according to the effective rate), the filing of the 2047 declaration may be mandatory.