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Tax Alert



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Fleeing 75% Tax Rate? We'll Always Have Paris

[Sacre Bleu!](#) Sky high French tax rates topping out at 75% caused France's wealthiest man, Bernard Arnault, CEO of LVMH, to [apply for Belgian nationality](#). The liberal media condemned his disloyalty but the LVMH scion surely isn't the only French person thinking the same thing. And high tax rates not long ago seemed so desirable!

Socialists like President François Hollande must have thought the rich would happily—or at least resignedly—pay the tax. The new 75% tax applies to earnings over one million Euros. Why would Mr. Hollande think that?

It turns out the wealthy French **asked** for it. Think Buffett in a beret. As the New York Times reported here, [Welcoming Higher Taxes, but Not That High](#), many wealthy French signed a petition **seeking** higher taxes. Talk about a certain [je ne sais quoi](#).



MONACO - JULY 02: Bernard Arnault, CEO of LVMH in Monaco. (Image credit: Getty Images via @daylife)

Some of the moneyed French now looking for the exit were signatories. But that was then. Faced with the prospect of paying these let-them-eat-cake rates, I'll bet Belgium looks lovely this time of year.

High-end Paris real estate may be unusually available. But with a French twist on the Mitt Romney tax rate flap, it turns out the French capital gain rate is perceived as a bigger problem than the 75% rate on earnings. There are already signs the French government may try to undo some of the capital gain tax changes.

Still, it's a little hard to imagine that the government is too worried. The new taxes are only estimated to raise about \$300 million. Besides, several French economists said to influence Mr. Hollande have claimed that the 75% rate is not a problem. France's economic growth won't be hurt unless top rates exceed 83% they claim!

It's hard not to believe that other well-heeled French citizens besides Mr. Arnault will start packing. There will be hard feelings in addition to revenue loss. When Facebook's Eduardo Saverin defriended us, some took it personally. See [Why Facebook's Co-Founder Just Defriended America](#).

Others thought it was a great idea. See [Why Denise Rich Followed Eduardo Saverin's Expat Lead](#). It prompted a tax bill to slap even higher taxes on those deigning to say sayonara. That bill didn't go anywhere, but it could. Meanwhile, we'll always have Paris.

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