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French Tax Soars Over 100%

Over 8,000 French households paid taxes topping 100% of their incomes, according to French Finance Ministry data. See [Taxes on Some Wealthy French Top 100% of Income](#). You may scratch your head in disbelief. How is that possible?

Stateside, you might guess it was the alternative minimum tax. In France, it was a one-time 2011 levy on incomes for households with assets over 1.3 million euros (\$1.67 million). 8,000 families paying 100% may seem a small number, but nearly 12,000 households paid more than 75%. The percentages sure do grate.



Flag of France (Photo credit: Wikipedia)

There was bitter controversy when President Francois Hollande's Socialist government imposed the tax surcharge shortly after taking office. It led to some well-publicized departures, including actor [Gerard Depardieu](#). He became a Russian citizen, including dinner with Vladimir Putin.

Unimpressed, French Prime Minister Jean-Marc Ayrault labeled Depardieu "pathetic" and "unpatriotic." The Constitutional Council eventually ruled the 75% rate unfair but gave a kind of template for the future. The government redrafted a proposed bill to levy a temporary 75% tax on [earnings](#) over 1 million euros. Taxes on the wealthy had been one of Hollande's campaign pledges.

And Socialist President [François Hollande](#) did as he promised and slapped a 75% tax rate on millionaires. Despite France's Constitutional Council, the tax is clearly coming back. Prime Minister Jean-Marc Ayrault said the government would reintroduce a revised version. See [French Council Strikes Down 75% Tax Rate](#). Even so, the 75% tax will only collect a few hundred million dollars. See [French Court Rejects 75% Tax Rate](#).

Yet it's clear France isn't off the tax increase bandwagon. For example, the controversial taxing of capital gains at the same rates as income was upheld by the Constitutional Council. That provision will impact far more in the country than the millionaire's tax. Meanwhile, the U.S. worldwide income tax is a bigger issue than mere rates. See [Expats Lobby For Tax on Residence, Not Worldwide Income](#).

It's what caused Facebook's Eduardo Saverin to decamp for tax-friendly Singapore. See [Why Facebook's Co-Founder Just Defriended America](#). Yet even decamping is not as easy as it looks given America's tough and complex tax system. There is already a U.S. exit tax on people who give up their U.S. citizenship.

What's more, this exit tax can even apply to handing in a Green Card. See [High Cost To Go Green: Giving Up A Green Card](#). Sure, we live in a global society, but it turns out that tax moves are not always easy.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.