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# Top French Court Upholds 75% Tax While Footballers Eye Exit

You have to hand it to the French for making tax news interesting. Their on-again off-again 75% tax on the wealthy fueled a worldwide debate over whether high earners are unpatriotic to call it quits and head for greener pastures. In France, some of those now strapping on their walking shoes might even be highly paid footballers. To the French, that's a source of national pride.

But like it or not, [France's highest court has approved a 75% tax on high earners](#), President [François Hollande](#) can at least say he did what he promised. Well, for 2013 and 2014 at least, since the measure is temporary. There was bitter controversy when President Hollande's Socialist government imposed the super tax shortly after taking office.

It caused some well-publicized departures, including quintessentially French actor [Gerard Depardieu](#). After flitting with crossing the border to Belgium, Mr. Depardieu famously became a Russian citizen, much to the apparent delight of Vladimir Putin. Dismayed, French Prime Minister Jean-Marc Ayrault labeled Mr. Depardieu "pathetic" and "unpatriotic."



French football icon for :en (Photo credit: Wikipedia)

Elegantly striking back, Depardieu wrote: “I hand over my passport to you and my social security card, which I have never used.” Even France’s wealthiest Bernard Arnault [applied for Belgian nationality](#). Like Mr. Depardieu, Mr. Arnault took heat, facing the newspaper headline: “[Get Lost, You Rich Bastard](#).” He later reversed course and stayed put.

But controversy remains. France’s Constitutional Council eventually [Struck Down 75% Tax Rate](#) but gave a kind of template for the future. Prime Minister Jean-Marc Ayrault promised a revised version of the 75% tax and was good to his word. The government redrafted a proposed bill to levy a temporary 75% tax on [earnings](#) over 1 million euros.

As modified, employers too are liable for the 75% tax on salaries exceeding 1 million euros. That’s savvy, since getting money directly from employers is always better than waiting for individuals to cough up money. It may impact French football clubs since so many have players making over the 1 million euro mark. Some say France’s clubs could face a loss of players.

And as it’s clear the tax is valid for 2013 and 2014 income, the rate will hurt. Earlier this year French Finance Ministry data revealed that over 8,000 French households paid taxes topping 100% of their incomes, according to. See [Taxes on Some Wealthy French Top 100% of Income](#). How is that possible?

Stateside, you might guess that only the alternative minimum tax could send rates topsy-turvy, making you taxed on more than you received. In France, it was evidently 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 reportedly paid more than 75%.

More debilitating for more people, France’s Constitutional Council upheld taxing capital gains at the same rates as ordinary income. That has broader and deeper reach than the millionaire’s tax. And in early 2013, even Former French President [Nicolas Sarkozy](#) was reportedly considering a move to the U.K., [the Times of London reported](#).

Moving for tax reasons—or moving for other reasons but keeping an eye on taxes—has become popular. One American face on the issue is Facebook’s Eduardo Saverin, who decamped for tax-friendly Singapore. See [Why Facebook’s Co-Founder Just Defriended America](#). Yet decamping is not as easy as it looks given America’s tough and complex tax system.

There is 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](#).

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