

# An Introduction to Inheritance Tax

As in the UK, this is probably the main tax where there is room for manoeuvre, thus it is deemed a voluntary tax, since with relatively little planning, the tax can be avoided for many people.

Inheritance tax in France covers taxation on life and death, so there is no separate “gift tax” as in the UK.

As we know under UK law, it is the domicile that determines where you pay inheritance tax. Many people view British law and determine that it is very hard for one to lose ones “domicile”. In fact, by moving to France it is easy, as you lose it immediately once you are a resident of France, as agreed by the UK / France double tax treaty. The French have no concept of domicile and view residency and domicile as the same thing. Thus, if you live in France you are subject to being assessed for inheritance tax on your worldwide assets, though what is paid where is ruled by the double tax treaty.

One of the main differences between inheritance tax in the UK is that inheritance tax in France is applied to the individual and not the estate. This means rather than the estate having a sole tax allowance, it is the individual that has the allowance. If you look at the [latest French tax rates](#) page, you will see that the level of allowance varies enormously depending on the relation to the donor.

The allowances are ‘per individual’, thus the more beneficiaries you have than more can be left behind with no inheritance tax.

The allowance is reset every six years, thus it is possible to gradually give away assets to close relatives, in life, with no inheritance tax, with good long term planning.

Further to a legal change, from 22<sup>nd</sup> August 2007, there is no longer inheritance tax between spouses... on death! Many have made the mistake of assuming the fact that there is no longer inheritance tax between spouses, means in life also and have realised bills they were not expecting, by going over the limit on lifetime gifts to each other. I mention spouses, but this also applies to those who are PACSeD, as they are treated in the same way as married couples.

Ways and means of avoiding inheritance tax are numerous and which techniques will suit you will depend on your own situation; there is no one solution that fits all, thus it is imperative to get professional advice when formulating your long term plan.

To be read in conjunction with [Latest French Tax Rates](#)

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