

Expat guide to France: financial management

Alison Steed looks at finances in France in our latest country guide.



Plan your move to France carefully, says Alison Steed, and you could save a lot of money on things like the purchase of a house Photo: David R. Frazier Photolibrary, Inc. / Alamy

France is our closest neighbour, and despite 20 miles of English Channel separating our two countries, our economic and working patterns are largely aligned through shared membership of the European Union.

In the year to March 2010, an estimated 364,000 UK nationals emigrated overseas, according to official figures, with more than 20,000 people going to France.

Since it is so close to the UK, it might be tempting to think you can get away with doing less planning. But it does not matter how far you have to travel to your new country, you still need to put a lot of preparation and organisation into the move.

Whether you are retiring to France, working there, or simply looking for a better standard of living, this guide will help you through the financial maze of what you need to do to make your move out a success.

OPENING A BANK ACCOUNT

One of the most difficult things to do when you go to a new country is open a bank account, as you have no credit history there. If you open an account before you leave the UK, then you can circumvent this problem.

Unlike Spain, there is not a great deal of crossover of ownership between UK and French banks, although some of the French banking giants have established roots in the UK, such as BNP Paribas, and Société Générale.

For everyday banking, one of the biggest institutions is La Banque Postale, the French post office banking service. Other banks include Allianz Banque, BNP Paribas, Crédit du Nord, Caisse d'Épargne, Crédit Lyonnais, Crédit Agricole, and Banque Populaire. Most have some staff who speak English, and some branches such as the Banque Populaire de la Côte d'Azur International Branch have all English-speaking staff.

If you leave it until you reach France to open an account, you will need to present the same information to your new bank that you had to give to your bank in the UK.

So you will need:

- Proof of identity, such as a passport or ID card;
- Proof of your address – this can be a recent utility bill, your property deeds if you have bought your home, or a rental agreement if you have not.

You may also be asked to provide a reference from your previous bank, and you may need to prove your earnings or employment status if, for example, you are a student. You need to have been in France for at least three months, or be planning to remain for at least three months, to open a resident's bank account.

As with any UK bank account, you need to check that you can get everything you need from the account you are looking at. You need to be able to set up the French equivalent of direct debits (*prélèvement automatique*), and to do this, you need printed slips that have details such as your home address, your account details including your bank code and your branch sort code. These will usually be in the back of your chequebook and are called RIBs (*relevé d'Identité bancaire*).

If you want to create the equivalent of a standing order (TIP or *titre interbancaire de paiement*) you will find the slip for this on your utility bill.

You should get a debit card, or Carte Bleue as it is known in France, with your account. It is different to a credit card as the latter will have the Visa or Mastercard symbols, while the debit card will have the Carte Bleue symbol.

You must check what charges will apply, for example, will you be charged to use ATMs? Will you have to pay to arrange direct debits? Is online banking available? You should only sign up to a deal that you are happy with.

If you already bank with a company that has an international presence, such as HSBC or Barclays – which has Barclays France – then it will be easier to get an account to use within France. HSBC launched its Advance account in the UK this year, which offers international account opening assistance, among a number of other benefits. But you do need to pay £12.95 a month – discounted to £6 for the first three months.

It makes sense to check with your bank or building society before you leave the UK to see if it has an offshore division that you could set up an account with. That way, your banking history is consistent and unbroken, which should make it easier to get access to credit overseas.

VISAS

Since France and the UK are both members of the EU, you do not have to have a visa to live and work there.

MOVING

You can employ a removal company to do this for you, or you can do it yourself – the former is likely to be easier, but could be more costly.

Do some research and get recommendations from friends or family who have moved overseas before.

You have to be sure you have cleared up all of your financial affairs in the UK before you go, if you are going to be away for some time. This includes clearing loans if you can, sorting out your bank accounts and closing any you will no longer need, and telling [HM Revenue & Customs](#) you are leaving the UK. You should sell anything you do not want to take with you, such as sofas, dining tables, cars and even your property. You may want to rent out your property initially, rather than sell it, in case your move to France does not work out as you expect.

TRANSFERRING YOUR FUNDS

On average, a UK family emigrates abroad with assets of £250,000 from the sale of a house, car and some savings, according to currency specialist [HiFX](#). Using a high street bank will potentially lose them around £10,000 as the banks typically charge 4 per cent more than currency specialists in unfavourable [exchange rates](#).

Once you have sold your possessions, you need to [transfer your money to the overseas account](#). You should check with a number of transfer

specialists – [HiFX](#), [FairFx](#), [Moneycorp](#) and [Caxton FX](#) are four of the main ones.

You can set the level of your currency exchange rate before the move if you want, so you are not at the mercy of currency fluctuations, which can save you a lot if currency rates work against you.

For example, if you had transferred £250,000 into euros in October 2008 when GBP/EUR hit 1.299, you would have got €324,750. To get that same amount in April 2009 you would have had to pay £297,400 – £47,400 more than six months before (figures from [HiFX](#)).

FINDING A HOME

Ideally, you are wise to rent a property for a time when you first get to a new country, because if you find your new lifestyle does not suit you, then you have not paid out a huge amount of money to set down roots.

Finding a property to rent in France should be easier than it might be if you were moving further afield, as there are plenty of websites available in English.

Rental prices in France can be a lot cheaper than the UK, depending on where you are planning to live. For example, Limousin was recently named as the cheapest place to rent in France, with the average property commanding €8.30 (£7.21) per metre. The national average was €12.20 per square metre, while in Paris, you could expect to pay €17.60 per square metre.

Trying to arrange a property to rent at the height of the tourist season could see you paying more than necessary, so try to get a rental property in the off-season when owners may be more open to offers on long-term leases.

You could even see if your landlord would be prepared to reduce your rent in return for doing some general upkeep on the property. If the property you are renting is furnished and it will be your main residence, then under French law a year-long contract is required, according to [Rentaplaceinfrance.com](#). However, if you want to rent for less time than this, you can simply give a month's notice.

There is another solution. [Rentaplaceinfrance.com](#) states: "Many furnished rentals are for considerably less than one year and rentals of several months are common. In these cases, both owner and tenant are unlikely to feel happy signing a one-year lease. The tenant can end the rental by giving one month's notice, but many will

still feel uncomfortable signing a one-year lease for perhaps a four-month rental.

“To help resolve this, Rent A Place In France has had forms professionally drawn up by a French notaire. These will, in effect, be the tenant’s written notice. The notice would be signed by the tenant several days after signing the lease. By signing a notice to quit at the outset for a given date, say four months from date of entry, the one-year lease is effectively transformed into a four-month lease. Both tenant and owner know where they stand, and the owner is then free to take on further lets after the notice period ends.”

As with any rental agreement, you need to be sure you know what is included in the price, and what is not. For example, will you have to pay bills on top, and local taxes? What will happen to your deposit, and how will any damage be paid for? If you need it, you should also check that you will have internet access.

If the property is unfurnished, you cannot be asked for more than one month’s rent as a deposit, but there is no stipulation for a furnished property, and it is not always required. If the rent is paid more than two months in advance, then the landlord cannot insist on you paying a deposit.

As with any property search in any country, dress smartly if you want them to take you seriously – first impressions last, no matter where you are in the world . And you will be expected to prove you can afford to pay the rent if you are on a low income or are unemployed.

Just as in the UK, references from employers and previous landlords will be checked out to make sure you are a good bet for the landlord. This could be difficult if you have just arrived in the country, so it may be worth speaking to some agents before you leave the UK.

You can find information on properties to rent at sites such as french-property.com or primelocation.com.

HEALTH CARE

Depending on whether you are retiring to France, or moving there to work, you will need to apply for either an S1 or E106, which you will need to give to the French authorities when you arrive, according to the NHS.

It states: “If you’re receiving a UK state pension or long-term incapacity benefit, you may be entitled to health care paid for by the UK.

“You will need to apply for form S1 which you need to present to the health authorities in your new country of residence. You will then be treated on the same basis as a resident of that country.

“Once you have registered your S1 (or E121) in your new country of residence, you will be entitled to a UK-issued European Health Insurance Card (EHIC), allowing you to access state-funded necessary medical treatment when you visit other EEA countries besides the one in which you are resident, including when you return to the UK.

“It is advisable to check what is covered before leaving the UK and make arrangements if necessary.”

Further advice is available from the Overseas Healthcare Team (Newcastle):

International Pension Centre
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
Phone +44 191 218 1999 (Monday to Friday 8am-5pm).
Fax +44 191 218 7021
Textphone +44 191 218 7280

The NHS says customers who receive a UK state pension can obtain an S2 (or E121) by phoning +44 191 218 7777 (Monday to Friday 8am–8pm). Customers who receive a UK long-term incapacity benefit can obtain an S2 (or E121) by telephoning the Working Age Group Incapacity Benefit team on +44 191 218 7644 (Monday to Friday 8am–5pm). The phone number for the Employment Support Allowance team is +44 191 218 7037 (open Monday to Friday 8am – 5pm).

It also says: “If at any time in the future you want to come back to the UK for planned treatment, you must consult your new authorities to find out the options available to you. However, you will be charged in the UK, unless you can provide an S2 (or E112) issued by your country of residence.”

You must register with the local CPAM (health service) office when you arrive, and you will be given your Carte Vitale. Once you start work, you will be contributing to the *l’assurance maladie* – the French state health care fund.

You can get private health care policies for France if you prefer – otherwise you will have to pay out of your own pocket for it.

If you are asked to pay before you are given treatment, you are in a private hospital or being treated by a private physician.

So ensure you go to a state hospital or practitioner if you cannot afford to pay for your care.

TAX

There are five basic types of tax in France for those emigrating:

- Income tax (IRPP; CSG; CRDS);
- Local taxes (real estate tax – *taxe foncières*; occupant tax – *taxe d'habitation*; and professional tax);
- VAT;
- Registration tax;
- Wealth tax.

Source: [French Embassy](#)

It is slightly ironic that the UK income tax system was instigated in 1799 as a means to raise revenue to pay for the war against the French fighting under Napoleon, and was designed to be a temporary solution. In fact, it still has to be voted through each year.

However, the UK now has a double taxation treaty with France, and this should ensure that you are not paying tax on your income twice.

The French tax year runs from January 1 to December 31, and all returns must be submitted by May 31 of the following year if you are a resident in France.

There is no PAYE system in France, it is down to you to ensure you are registered for tax, and paying the right amount.

Income tax is split into five tax bands, and the amount you pay is dependent on how many people you have living in your household, whether you are married or in a civil partnership, and how many children you have.

Income tax is calculated according to the total income of the household, which is deemed as being equally distributed between each member of the household (called a part). The total income is divided by the number of parts before applying the rates. The resulting figure is then multiplied by the number of parts to give the total tax due.

Each child counts as half a part. The tax advantage obtained for each child is limited to €2,336 (known as *plafonnement*).

Source: franceaccountants.com

If you have a UK state pension income paid, then you would be taxed on that in the UK.

However, for other pension income, once you have established your residency in France, you can apply for this income to be paid gross – the relevant forms are available at on HMRC's [website](#). However, unless you are sufficiently fluent in French to understand the tax terminology, you are better off getting some advice locally to ensure you are paying all the tax necessary.

PENSIONS

The UK state pension will still be paid to you if you are living in France, and is one of the countries that is not affected by pension freezing. In fact, pensioners in France have even been enjoying the winter fuel allowance paid by the UK Government.

If you are retiring to France, or your last place of work was in the UK, then you need to tell the International Pension Centre in the UK of the change in circumstances.

You can get in touch with this organisation at the International Pension Centre in Newcastle, the address for which is given above under the Healthcare section. It is important to get these details sorted out, as it will help you to have the right level of health care in France if that is where you have decided to retire to. The amount of pension you will receive is based on the number of years you have made full contributions to the various state schemes you have paid into within the UK, France or other EEA country.

If you want to transfer a UK pension scheme to France, then you can do this through the Qualifying Recognised Overseas Pension Scheme (QROPS) regime.

This is a system under HM Revenue & Customs rules where agreed schemes can accept your UK pension, without penalty from HMRC.

WHEN YOU ARE COMING HOME

There are a lot of things to think about before you come back to the UK, and you will have to put some of the things you did before you left in practice to make the move in reverse.

You should:

- Clear any tax liabilities you may have in France before you leave;
- Clear any outstanding loans;
- Sell anything you do not want to bring home;

- Have your French medical records sent back to the UK;
- Let your local doctor and dentist know that you are moving away;
- Get an international removal company to deal with your move, or, again, do-it-yourself if you prefer;
- Speak to an adviser who specialises in international moves to make sure you do not pay any unnecessary taxes;
- Tell HM Revenue & Customs you are returning to the UK – it will tell you if there are any additional benefits you can get through tax credits, so remember to ask about them;
- Let the Department for Work and Pensions know you are coming back to the UK. It will also be able to tell you about any benefits you may be entitled to on your return;
- Transfer any money you need to in the most cost-effective way, which is usually through a currency exchange specialist.

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