
SAVING 20% ON YOUR NEW-BUILD PROPERTY PURCHASE IN FRANCE: THE VAT REBATE.

In France, buying off-plan and renting your property furnished can offer you a big advantage: you can save 20% on the purchase price of your property.

HOW CAN YOU SAVE 20% ON THE PURCHASE PRICE?

By getting the VAT refunded by the French Tax Administration.

You pay the full purchase price and then apply for the refund by the French Tax Administration.

A French accountant can help you filling out the VAT rebate form and provide any information you need to know about the Tax Administration in France.

WHY WOULD THE TAX ADMINISTRATION REFUND YOUR VAT?

This VAT refund is subject to you renting out your property through **a management company**.

This being said, there are **three specific conditions** that need to be met:

- 1** - Property must be **furnished**
- 2** - Rental offer must be on a **short-term basis**: you can't let your apartment for the whole winter season or a year for example.
- 3** - **At least 3 of the following 'para-hotel' services** must be offered to the tenants:
 - reception i.e handover of the keys
 - supply of bed and house linen
 - cleaning
 - breakfast (this can be a delivery service)

THE MANAGEMENT COMPANY & CONTRACT

Your property is rented out via a management company that will provide the different 'para-hotel' services, provide all additional rental services to the tenants, and maintain your property on your behalf.

You sign a commercial lease with the company, where your personal use options of the property are listed, along with the management and property maintenance costs, and the rental fee you will receive from the management company.

Ensure the lease agreement is flexible, so you will be able to use your property whenever you want, provided you give sufficient notice to the company, so they can organize a proper rental planning over the winter season.

THE 20-YEAR RENTAL PERIOD

The French Tax Administration provides the VAT rebate on the basis that the property is being rented over 20 years.

However, you can stop renting your property after 10 years, knowing that you might have to pay back 10/20th of the VAT rebate you were awarded.

SELLING YOUR PROPERTY

Being the freehold owner of the property, you are free to resell your property, even within the 20-year period.

As for the question of the VAT rebate and the rental agreement, 2 possibilities:

- 1** - the purchaser wishes to enter the same rental plan and will take over the lease agreement. No VAT has to be repaid as the rebate continues with the new owner.
- 2** - the resell takes place after 10 years of rental activity, and the purchaser does not want to pursue renting the property: you might have to repay ½ of the VAT rebate you were awarded. However, between the VAT you will have saved and the capital appreciation, purchasing and reselling a property with this structure will still be worthwhile.

Alpine Lodges, specialists in ski properties in the French Alps offers an 'all-inclusive' service:

- you can buy a high end fully furnished and equipped apartment, all ready for rental
- we work in association with the management company Alpine Residences that provides the rental plan for you to benefit from the VAT rebate.

BASICALLY, WITH THIS STRUCTURE, YOU CAN SAVE 20% ON YOUR FREEHOLD PROPERTY PURCHASE PRICE.

Alpine Lodges

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