



Tax Depreciation Analysis for French Property Assets

Segregation of property investment and development costs for tax depreciation and amortisation purposes

When a company or individual incurs capital expenditure purchasing or developing property in France, for accounting purposes, it is possible to split those costs into a number of tax depreciation categories.

Carrying out this exercise can result in a lower tax charge to the company and the greater the degree of detail applied to splitting the costs, the lower the tax charge will usually be.

The International Tax Standards that have permitted this analysis to be carried out have only been operational since 2005. However, up until now, French accountants have not really had widespread access to the services of professional consultants who specialise in this matter. Instead they have either provided estimates themselves as to how the costs should be broken down or they have used the services of general surveying companies who are not usually very experienced in carrying out this analysis. Neither of these options are ideal.

Capitus have been specialising in the segregation of construction and property acquisition costs throughout Europe for over ten years. Our reports are detailed and based on an in-depth knowledge of property costs and the remaining useful life of property assets. We fully support our figures if queried by the French tax authorities and provide a prompt and professional service.

Details of services provided

Property purchased as an investment

For each purchased property where a tax depreciation analysis is required we shall:

- Survey and schedule the relevant assets within the property
- Estimate the costs of such assets and their useful economic life
- Prepare an estimate of the land value element of the purchase price based on residual valuation techniques and exclude this from our analysis
- Prepare a tax depreciation report in English and/or French for submission to the French tax authorities
- Submit the report to client's accountant and substantiate figures if required

Newly constructed or refurbished property

For each newly constructed or refurbished property where a tax depreciation analysis is required we shall;

- Survey and schedule the relevant assets within the property
- Obtain the construction cost information for the project from the builder and segregate costs into appropriate tax depreciation categories
- Estimate the useful economic life of assets and prepare a tax depreciation report in English and/or French for submission to the French tax authorities

If you would like to discuss any element of our services, please contact Mylène Dickey at mylene@capitus.co.uk in either French or English.