



Crowe

RSA



# Insight ...

## What's new in real estate?

April 2024

# INSIGHT...

April 2024

## What's new in real estate?

The year 2024 brings a host of new tax regulations for the real estate sector. New taxes, new exemptions and renewals are on the agenda. These new measures reflect the government's desire to adapt the tax framework to changes in the real estate market, as well as to social and environmental issues. Through these measures, the authorities are seeking to promote greater accessibility to housing and encourage investment in sustainable projects. Here is a summary of these measures.

### Aids and financing

#### ***Renovation assistance for homeowners***

First and foremost, assistance for renovation work on existing property. MaPrimeRenov', the star of renovation assistance schemes, is being redesigned for the new year. The objectives for MaPrimeRenov' 2024 are twofold.

The first, the "performance" path, is aimed at large-scale renovations and targets low-income households. The second, the "efficiency" route, will serve the cause of targeted renovation projects, with at least one insulation measure and a low-carbon heating installation, in favor of heat pumps. The latter program, devised by MaPrimeRenov', will become compulsory for owners of "passoires thermiques" wishing to access government grants from July <sup>1</sup>.

In the same vein, the renovation assistance scheme is being expanded. MaPrimeAdapt' was introduced on January 1<sup>st</sup> 2024. This state aid for renovation work for PMR (people with reduced mobility), can finance up to 70% of the amounts committed by owners, themselves capped at €22,000.

#### ***Real estate loans***

The zero-rate loan has been extended to 2027, enabling many first-time buyers to obtain a mortgage, despite the tightening monetary climate.

The PTZ, which was due to expire in 2023, has nevertheless been revised. The PTZ resource ceilings have been raised and the eligible zones extended.

On the other hand, there is a restriction in terms of the criteria for beneficiary housing. The homes

new-build properties located in "zones détendues" (with the lowest rental demand rates) and new detached houses will no longer be eligible for the PTZ in 2024.

Eco-PTZ, the zero-rate loan for thermal renovation work, has also been extended until 2027 for single-family homes and 2028 for condominiums. However, to benefit from the eco-PTZ for condominiums, an absolute majority will be required at the general meeting.

Find out more:

#### **Income scale**

#### **New reclassification of eligible areas**

### **Last year to benefit from Loc'Avantages and the Denormandie scheme**

2024 marks the last year to take advantage of the Loc'Avantages scheme. This scheme offers lessors the opportunity to benefit from tax advantages provided they rent at capped rents to low-income tenants for a minimum period of 6 years. For rent and income ceilings, visit [monprojet.anah.gouv.fr](http://monprojet.anah.gouv.fr).

The Denormandie scheme also offers additional tax benefits to property owners who commit to renovating a property at the time of purchase, and then renting it out at capped rates, aimed at tenants on modest incomes. However, the property must be located in a city eligible for the scheme (you can use the [public service](#) simulator).

Reductions depend on the length of the rental period (6 years: 12% reduction / 9 years: 18% reduction / 12 years: 21% tax reduction).

## Extension of the Pinel scheme

In 2024, this is the last opportunity to take advantage of the Pinel scheme, however its benefits are less significant than in previous years. The tax reduction rates for this year are as follows:

- 9% of the purchase price for a 6-year rental commitment,
- 12% for a 9-year commitment,
- 14% for a 12-year commitment.

## Taxes

### **A new property tax increase**

Having already risen by 7% in 2023, the property tax will see a further significant increase of at least 3.9% this year, due to inflation. It should be noted that this 3.9% increase represents the minimum threshold, but some communes may also vote for a further increase in this tax. **However, in anticipation of the 2026 municipal elections, some municipalities may opt to hold back in order to avoid a larger increase.**

### **Extension of the tax on vacant dwellings (TLV) and the increase in council tax on second homes (THRS)**

From 2024, the TLV and THRS, previously applicable in "zones tendues", will now be applied in more of the communes listed in the decree of August 25, 2023.

To consult the list: [List of communes](#)

### **Exceptional capital gains tax allowance in high-growth areas**

The 2024 Finance Act introduces a 60% allowance for the sale of property located in high-tension areas, provided that the purchaser undertakes to build a multi-family residential building on the land (after demolition if there are existing buildings) within 4 years of acquisition. This scheme is subject to conditions and is mainly aimed at developers.

### **Extension of tax exemption when renting out part of your principal residence**

The 2024 Finance Act extended the tax exemption on rents received for the rental of part of the principal residence, subject to

ceilings set annually by the tax authorities. In 2024, as the new ceilings have not yet been published, the 2023 ceilings will apply, i.e. €199 per m<sup>2</sup> annual rent excluding charges in Île-de-France and €147 in other regions.

Renting out a guest room in your main residence is still exempt, as long as the annual income from this activity does not exceed €760.

### **Double the tax credit for energy work carried out in 2023, 2024 and 2025**

The annual limit for deducting property losses from overall income has been raised to €21,400 for deductible expenditure on energy renovation.

This work must enable a property classified as a "heat sink" to move up from energy class E, F or G in the energy audit, to class A, B, C or D. (Please refer to the Energy audit factsheet).

This system applies under the following conditions:

- Proof of acceptance of a quotation on or after November 5, 2022,
- Expenses incurred between January 1<sup>st</sup> 2023 and December 31, 2025.

Note: the benefits of doubling the deduction of property losses should be considered on a case-by-case basis, depending on the specific characteristics of the household concerned. In some cases, this system may generate more tax to pay.

### **New VAT regime applicable to furnished rentals and parahotels in 2024**

Article 84 of the Finance Act 2024 amends article 261 D of the CGI.

Further details have been added, making accommodation services subject to VAT if they meet the following cumulative conditions:

- Length of stay under 30 days,
- Furnished premises offering at least 3 of the following services:
  - breakfast,
  - regular cleaning of the premises (during the same stay),
  - supply of household linen,
  - reception, even if not personalized, of the customers.

This means that as soon as the above conditions are met, the rental will then be taxable for VAT, whether it's a question of hotels or airbnb-type accommodation establishments.

As a result, new entities will have to charge VAT to their customers for hosting services and will also be subject to the corresponding reporting obligations.

### **Taxation of furnished holiday rentals**

Furnished-rental tenants can benefit from the micro-BIC system, which is particularly simple, with the application of a deduction for expenses (instead of the deduction of actual expenses), if the annual sales generated by this activity do not exceed a certain amount, which varies according to the nature of the furnished-rental: "classic" furnished-rental or tourist furnished-rental:

- For "classic" furnished rentals: the sales threshold is €77,700 and the expense allowance rate is 50%,
- For rentals of furnished tourist accommodation: the sales threshold is €188,700 and the expense allowance rate is 71%.

The following are considered furnished tourist accommodation: furnished villas, apartments or studio flats, for the exclusive use of the tenant, rented out to a visiting clientele who do not take up residence there and who

makes a stay characterized by a daily, weekly, or monthly rental (like Airbnb).

The Finance Act for 2024 has modified the rules previously established, in effect creating a specific threshold applicable to the direct or indirect rental of furnished tourist accommodation.

For this activity :

- The sales threshold is €15,000,
- The allowance rate is set at 30%.

Capital gains and losses on the sale of assets used in the business are determined and taxed in accordance with the rules applicable to them, with the allowances deemed to take account of straight-line depreciation.

It should be noted that companies can benefit from an additional allowance of 21% for sales corresponding to the meublés de tourisme business:

- This is applicable when the premises are not located in geographical areas characterized by a significant imbalance between housing supply and demand,
- And if sales (excluding tax) from all furnished-rental activities, adjusted *pro rata temporis* where applicable, did not exceed €15,000 in the previous calendar year.

You will find below a table summarizing the changes to the tax system for furnished rentals.

Changes to the tax system for furnished rentals							
Versions	Property category	Furnished				Unfurnished	
	Diet	Micro-BIC				Micro-foncier	
	Status / classification	Long-term furnished accommodation	Bed & Breakfast	Tourism			
Situation LF 2023	CA limits	< 77 700 €	< 188 700 €	< 188 700 €		< 77 700 €	< 15 000 €
	Allowance for expenses	50 %	71 %	71 %		50 %	30 %
Situation after LF 2024	CA limits	< 77 700 €	< 188 700 €	In non-tensioned zones and CA < 15 000 €	In tense areas and x < €188,700 or in non-tensioned zones and €15,000 < x < 188 700 €	< 15 000 €	< 15 000 €
	Allowance for expenses	50 %	71 %	92 %	71 %	30 %	30 %

You will find the zoning simulator: [Zones tendues ou non tendues](#)



**“ An agile firm, committed to working alongside you ”**

RSA is a Paris-based audit, accounting and advisory firm and an independent member of Crowe Global, the world's 8<sup>th</sup> network.

With 19 partners and more than 160 professionals, the RSA Group has been contributing to the development of companies for more than 30 years by supporting them on a day-to-day basis and at key moments in their development, thanks to a multidisciplinary range of services : Audit, Chartered Accountancy, Consolidation, Employment, Corporate Finance- M&A, Valuation, International Business Services, Compliance and Risk Management, IT Consulting.

With an international outlook, RSA has developed expertise in supporting foreign companies in France. Its approach, based on agility and commitment, enables RSA to offer customised financial information solutions tailored to the needs and organisation of its customers.

## CONTACT

Groupe Crowe RSA

11/13 avenue de Friedland  
75008 Paris  
01 53 83 90 00 - [www.crowe-rsa.fr](http://www.crowe-rsa.fr)

RSA is a member of Crowe Global. Each member company of Crowe Global is a separate and independent legal entity. RSA and its affiliates are not responsible for the acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not provide any professional services and has no ownership or partnership interest in RSA.