

# Inheritance and wealth tax

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# *Introduction*

**Inheritance and wealth tax is a type of tax levied on the value of assets that a person leaves to his/her heirs after his/her death or on his/her own personal wealth. This type of tax is often seen as a way to reduce economic inequality by levying taxes on the wealthiest and redistributing the funds collected to finance social programmes or infrastructure projects.**

**Supporters of inheritance and wealth taxes argue that they can help reduce the concentration of wealth in the hands of a small elite and promote greater economic equality. However, opponents argue that it can be unfair to those who have worked hard to accumulate their wealth and that it can discourage investors and entrepreneurs from taking risks and creating jobs.**

**In many countries, inheritance and wealth taxes have been a subject of intense political debate, as they have important implications for wealth distribution and economic growth. The way governments design and implement this tax can have important effects on economic inequality, social mobility and economic growth.**

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# Wealth tax

The wealth tax was introduced in France in 1982, under the name ISF. In 2018, under the presidency of Emmanuel Macron, it was replaced by the IFI, the tax on real estate wealth.

In France, a person is subject to the IFI when the net taxable value of your real estate assets exceeds €1,300,000 on January 1 of the given year.

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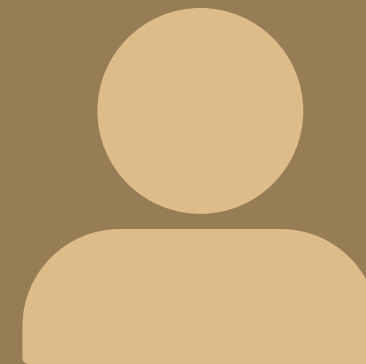
# Wealth tax

The IFI is calculated according to the following progressive scale:

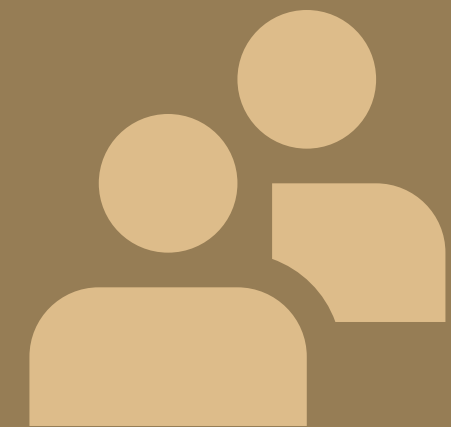
## Rate for net taxable assets :

- between 0 and 800,000 €: 0%
- between €800,000 and €1,300,000: 0.5%
- between €1,300,000 and €2,570,000: 0.7%
- between €2,570,000 and €5,000,000: 1%
- between €5,000,000 and €10,000,000: 1.25%
- over €10,000,000: 1.5%

The IFI tax household is composed of one of the following 2 ways:



One person living alone,  
whether single, widowed,  
divorced or separated



Two people living  
as a couple

# *Comparaison with Spain*



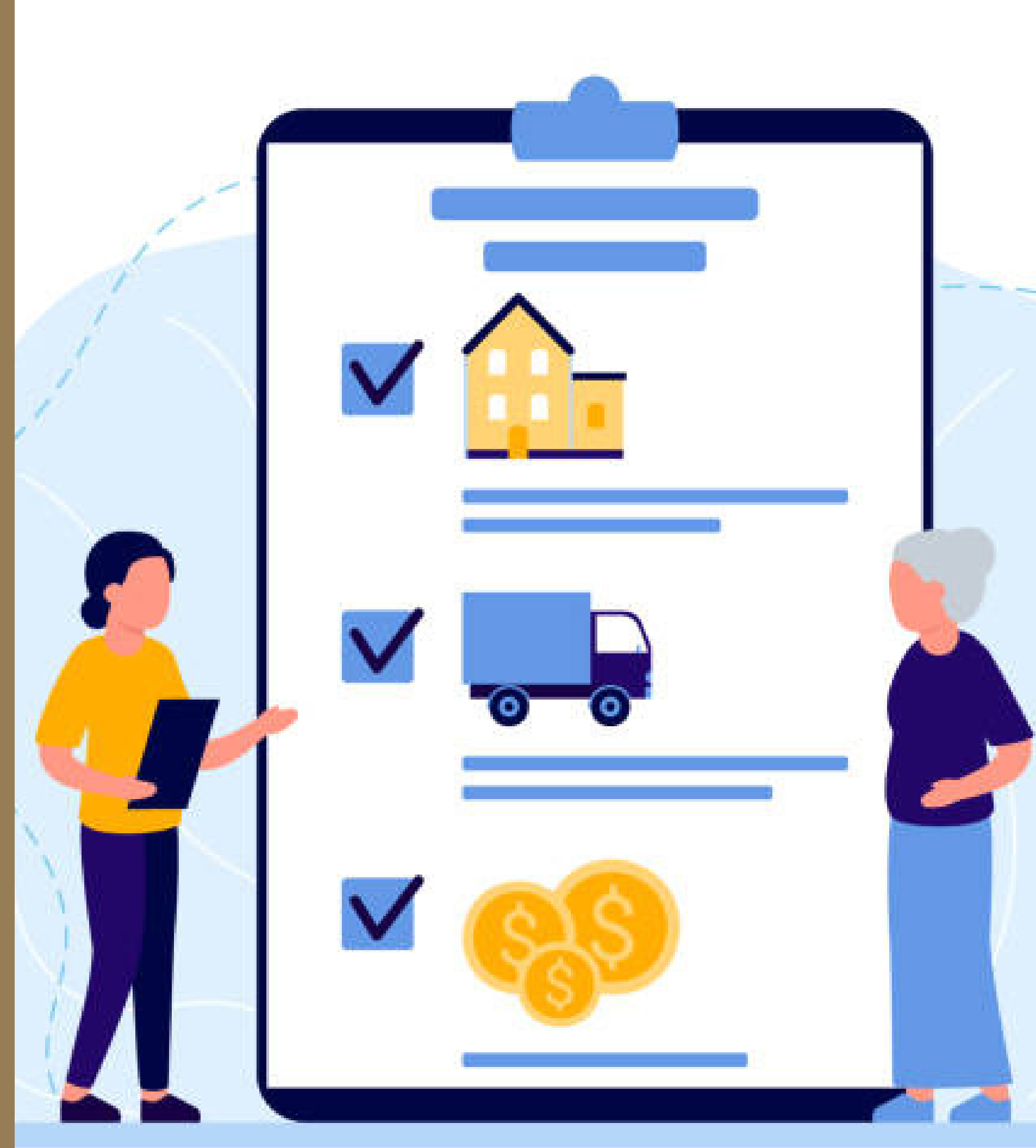
In Spain, the socialist government will set up a 2y temporary tax for one who has a heritage over 3M€.

This will permit the Spanish government to collect 1,5 billion of €.

# Inheritance tax

## Some conditions :

- You usually spend at least 183 days of each year in France
- Your partner/usband and children typically reside in France
- You work in France or receive the majority of your income from a French source
- Most of your significant assets are located in France



# Example :

Example: Leaving 115€ to your child

The Inheritance Tax Rates in France would be a total tax liability of €1,240.95, as calculated below:

- No French Succession Tax on the first €100,000
- 5% of the amount between €100,000 and €108,072, which gives €403.60
- 10% of the amount between €108,072 and €112,109, which gives €403.70
- 15% of the amount between €112,109 and €115,000, which gives €433.65

Taxable asset value	Percentage Rate
The first €8,072 of taxable assets	5%
Between €8,072 and €12,109	10%
Between €12,109 and €15,932	15%
Between €15,932 and €552,324	20%
Between €552,324 and €902,838	30%
Between €902,838 and €1,805,677	40%
Taxable assets in excess of €1,805,677	50%



# What does French laws requires?



1° To leave a significant share to your children : "forced heirship"

2° To make a will

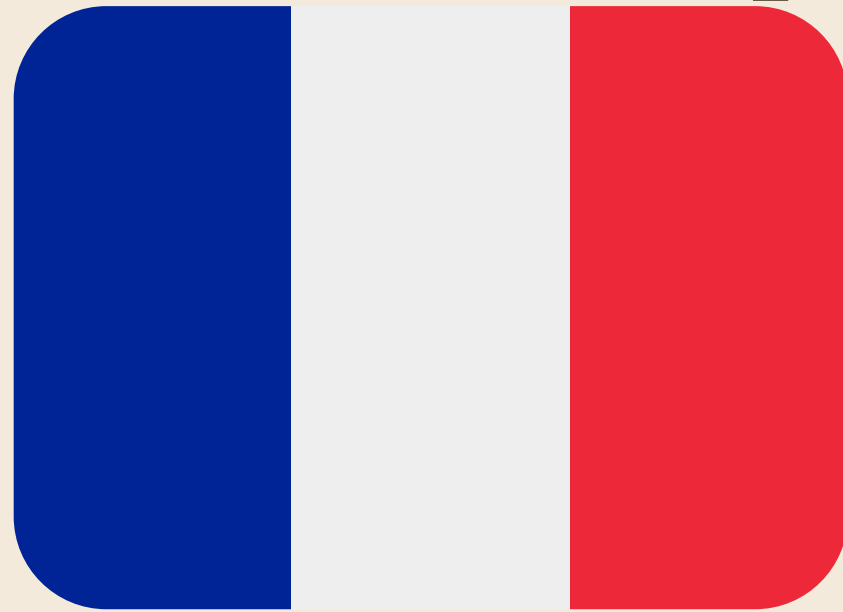
# How to reduce inheritance tax in France?

- Tax allowance can be made once every 15 years
- Everything depends on your situation and relationship to the deceased.

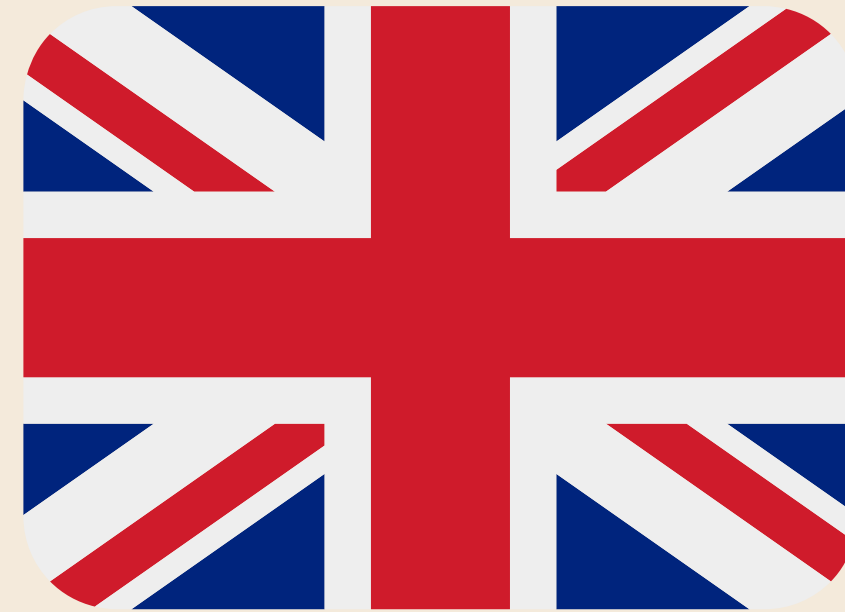
What I can advise you is to get a **good estate planner** to walk you through it all and to minimize the amount you pay in taxes.



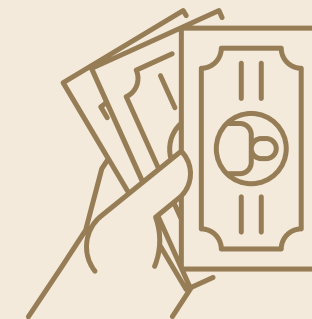
# *Comparaison with UK*



Law of the last  
habitual residence



Law of the  
location  
of the building



Law of  
domicile



# *Our Esscaland*

- Esscaland is a medium island located just next to Australia surrounded by few other poorest islands.
- the inheritance tax will be for the fortune over 300k€ for property and financial assets by a rate of 30%.
- We having a favorable taxing system to keep them in the country and having them in case of economic crisis, like Spain wealth tax system.
- despite this we will put an wealth tax of 1% for the people with more than 1M € in assets (10k for 1M by year),the tax drifting cost for the rich will be high
- no inheritance tax, we think that what has been bought belongs to the person and that is considered as an asset. the tax on inheritance only brings in 3 billion euros for the state



# *Our Esscaland*

## **Economics Consequences:**

- Country economic growth continues by taking a bit from the rich for the public services and keeping them in case of economic difficulties and helping the growth by offering job opportunities to the poorest.

## **Social Consequences:**

- The rich don't feel taxed too much and the poor feel like they are listened to, and the government wants to help us by wealth distribution.

## **Environmental Consequences:**

- a part of the taxation can be invested in the green economy.



*Thank you for your attention !*

Do you have any questions ?

## *Sources :*

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