



FINANCE LAW 2021: KEY POINTS

INDIVIDUALS

- **Progressive reform of the housing tax**

Progressive abolition of the property tax on the main residence for the 20% of taxpayers still concerned. The reduction will be 30% in 2021, then 65% in 2022.

In 2023, no household will pay any housing tax on its main residence

- **Exemption for family gifts in cash**

Exemption of €100,000 for donations of cash made between July 15, 2020 and June 30, 2021 to descendants, or failing that, nephews or nieces, on condition that the funds used by the donee to carry out the following operations:

- Construction of his or her principal residence by the donee (and not the acquisition)
- Carrying out energy renovation work by the donee in the dwelling constituting his or her principal residence, which he or she fully owns
- Subscription to the capital of a small European company in which the donee has his main activity or an effective management function

- **Terminal for electric vehicles**

Creation of a new income tax credit equal to 75% of the amount of eligible expenses, within the limit of 300 € per charging system installed on the parking space of the main or secondary residence, until December 31, 2023

- **Bonus / Ecological Malus**

Bonus: The scale of aid offered to households for the purchase of an electric vehicle, which was increased in 2020 and can go up to €7,000, will be maintained until June 30, 2021

Malus: The scale includes a gradual strengthening of environmental incentives: lowering the threshold, raising the ceiling. A new car malus linked to the weight of the vehicle (from 1.8 tons) will be introduced from 2022

- **Expansion of “MaPrimeRénov’” beneficiaries**

From January 2021, the MaPrimeRénov’ scheme will be open to all owner-occupiers, without any means test, as well as to co-ownerships and landlords. The device intends to support more particularly the work of global renovation

- **The Pinel law renewed**

Rental investments under the Pinel law, which entitle the holder to a tax reduction, are extended until December 31, 2024. However, as of 2023, the tax reduction rates will be gradually reduced



COMPANIES

- Lower corporate tax rate

In 2021, the corporate income tax rate will be reduced to 26.5% for companies with a turnover of less than €250 million and to 27.5% for large companies (turnover > or = €250 million). In 2022, the standard corporate income tax rate will be lowered to 25% for all companies

- Reduction of production taxes

CVAE: 50% reduction for companies with sales of more than €50 million

CFE: The rates allowing the calculation of the rental value in terms of CFE are reduced by half from the year 2021. In addition, the CFE exemption may be extended for three years in the event of the creation or expansion of establishments (subject to measures taken by the local authorities)

- Repayment of the Carry-Back claim

Early repayment possible for all companies due to the health crisis: concerns the fraction of carry-back claims arising from an option exercised in respect of a financial year ending no later than 31/12/2020 and which could not be deducted from the corporation tax

- Free revaluation of assets

The tangible and financial fixed assets for the financial years ending between 31.12.2020 and 31.12.2022 can be revalued, while neutralizing the tax effects of the revaluation:

- Reinstatement by fractions for depreciable assets
- Deferral for non-depreciable assets

This revaluation gives a true and fair view of the company's assets and strengthens its equity

- Tax credit modifications by the Finance Law

Corporate sponsorship: donations made to approved organizations or federations whose purpose is to provide aid to SMEs benefit from the tax reduction for sponsorship;

Energy renovation: for the benefit of VSEs and SMEs, on buildings completed more than 2 years ago, assigned to the exercise of the activity: 30% of the expenses (excluding VAT) made between 1.10.2020 and 31.12.2021, "global" ceiling 25 000 €;

Modification of the Research Tax Credit: suppression of the specific regime in case of public subcontracting: end of the doubling of the base and the specific ceilings

- Option for the VAT group... not before 2023

Allowing to assimilate to a "single taxable person" persons who are legally independent but linked on the financial, economic or organizational level, the option for the VAT group should come on January 1, 2023