



PROPERTY

Location meublée professionnelle (professional furnished letting)

The professional status of the furnished landlord, with its social contributions and its capital gains regime.

Professional furnished landlord status applies once furnished receipts exceed €23,000 a year and the household's other earned income.

OVERVIEW

A landlord becomes professional when furnished receipts exceed €23,000 a year and are higher than the household's other earned income. The landlord then pays self-employed social contributions and may set a deficit against overall income. Business capital gains rules apply, with a possible exemption after five years of activity subject to a receipts condition (€90,000). Assets used in the activity are outside IFI and may qualify for the Dutreil pact.

HOW IT WORKS**Thresholds crossed**

Receipts above €23,000 and above other income

Professional status

Social contributions, deductible deficit

Sale

Business capital gains regime

KEY POINTS**Strengths**

Deficit deductible from overall income (under LMNP, it can be offset only against other BIC income)

Business capital gain exempt after five years, subject to a receipts condition

Outside wealth tax (IFI)

Business assets that can be passed on under the Dutreil pact

Points to watch

Social contributions (around 30% of profits)

Commercial accounting compulsory

Reverts to LMNP status if the criteria are no longer met

WHO IT IS FOR

Owners of large furnished property portfolios, often in retirement, who reach or are aiming for professional status. The trade-off between social contributions and tax advantages is assessed case by case.

WORKED

ILLUSTRATION

Example based on assumptions

Assumptions: a retiree owns four furnished buildings let for €60,000 a year, and their other income is lower than this amount. They are a professional furnished landlord and pay self-employed social contributions. After five years of activity, they may benefit from the business capital gains exemption if receipts stay below €90,000.



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Risk of capital loss on resale. Letting risk: vacancy, arrears, damage. Costs, works and local taxes may rise. Acquisition costs are high and resale is slow. Tax regimes depend on conditions being met over time and on the legislation in force.

Complaints and mediation

Any complaint may be sent to ASTERALE, 4 allée Django Reinhardt, 94110 Arcueil, France, or to sebastien.bailly@asterale.fr. Failing a satisfactory reply within two months, you may refer the matter to the competent mediator. For financial investment advice: the AMF Ombudsman (Médiateur de l'AMF), 17 place de la Bourse, 75082 Paris Cedex 02 (www.amf-france.org/fr/le-mediateur). For insurance broking and intermediation, banking and payment services intermediation and property transactions: ANM Conso, 2 rue de Colmar, 94300 Vincennes (www.anm-conso.com, contact@anmconso.com).

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