Building blocks
Structuring European property investments
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This is a guide to the key tax considerations for investors wishing to invest in property in the European jurisdictions of France, Germany and the United Kingdom.

It is not comprehensive and is intended as a general guide only. It should not be relied upon as tax advice in your particular circumstances.

This guide is based on law and practice as applicable at 24 November 2017, which may in principle change at any time.
Investing in property in France

Introduction
France and, more particularly, Paris and its regions comprise one of the most important economic hubs in the world. Paris contributes 20% of the overall Gross Domestic Product ("GDP") of France and 4% of the overall GDP in Europe.

Paris is also the second most popular destination in Europe for international real estate investment, representing approximately 35% of all investment carried out by foreign investors in France.

As a prestigious world city, Paris is currently subject to a vast infrastructure project that aims to maintain and enhance the city’s international stature. The “Grand Paris” project covers several themes. Those likely to influence the real estate market in the coming years involve the development of business districts around Paris (which could impact commercial property in Paris) and the creation of a new transport masterplan that will connect important transport hubs with the new districts around the city.
Ownership of French property

Non-residents are free to acquire real estate in France either directly or through other vehicles. It is common for French property to be acquired through a special purpose vehicle called a “Société Civile Immobilière” (“SCI”).

More complex ownership structures may be introduced by overseas investors, including the holding of French property through a French vehicle which is itself owned by companies established in Luxembourg, Belgium or the Netherlands. This can provide flexibility for the owner in being able to sell the Luxembourg, Belgian or Dutch property-holding company and to potentially benefit from tax treaties signed by France with those countries.

France draws a distinction between commercial and residential real estate for tax purposes and the rules differ substantially between the two types of property interest. It also distinguishes, for some tax purposes, between the tax which is applicable to individual holders of French property and that applicable to corporate entities holding French property. In contrast with the UK, France does not distinguish between properties which are used for trading and those used for investment purposes. However, the acquisition of properties for resale on a habitual basis may result in the characterisation of rental income and capital gains as trading income for tax purposes, under the real estate dealer status (“Marchand de biens”).

Property funds

France also offers a special tax regime for French property companies, such as the OPCI. An OPCI can be incorporated as (i) a fund without legal personality, “Fonds de placement immobilier” (“FPI”) or (ii) a corporate entity, “société de placement à prépondérance immobilière à capital variable” (“SPPICAV”).

The OPCI is an unlisted real estate investment vehicle that is subject to the approval of the French financial market authorities, “Autorité des Marchés Financiers” (“AMF”), which could either take the form of:

- an FPI, which is a real estate fund (joint ownership of real estate assets) without legal personality; or
- a SPPICAV, which is a limited liability real estate company under the form of a Société Anonyme or Société par Actions Simplifiée with a variable capital.

SPPICAV are more often used by investors. Indeed, a SPPICAV benefits from a corporate tax exemption on all its income / profits, subject to distribution requirements as follows:

- 85% of the distributable income from the previous financial year resulting from the leasing of properties held directly or indirectly through a partnership (“société de personnes”);
- 50% of the net capital gain from the sale of real estate assets carried out directly or indirectly during the financial year or the previous financial year through a partnership (“société de personnes”); and
- 100% of dividends paid by subsidiaries exempt from corporate income tax on their real estate activities (i.e. subsidiaries benefiting from the SIIC regime).
France also has a specific tax regime applicable to property funds listing on a recognised stock exchange, the real estate investment trust called “SIIC” (“sociétés d’investissements immobiliers cotées”). Broadly, a SIIC is exempt from French tax on capital gains and rental income if a number of conditions are satisfied, in particular, distribution obligations. SIIC are less often used than SPPICAV, notably because of (i) the distribution obligations being higher than that applicable to SPPICAV; and (ii) the required diversity of the SIIC shareholders (a single shareholder or a group of shareholders acting together cannot hold more than 60% of the share capital or voting rights.) There is no equivalent rule for SPPICAV.

### Tax on acquiring French property

The purchase of real estate in France can be subject to registration duties (at a minimum rate of 5.09%) or to value added tax (“VAT”) (at a rate of 20%), depending upon the status of the seller and the characteristics and use of the property. VAT is not applicable to the acquisition of residential properties from non-professional sellers.

#### Registration duties for acquiring commercial and residential property

The amount of registration duties depends upon whether it is the French property or a company holding the French property that is acquired.

The acquisition of property that was constructed more than 5 years before the date the property was acquired will be subject to the following taxes and duties, which can amount to up to 7% of the purchase price:

- a registration duty of 5.09%, although most French “départements”, including Paris, apply a 5.81% rate;
- additional tax (“Contribution de Sécurité Immobilière”) equal to 0.1% of the value of the property; and
- notary fees of 0.814% (plus VAT) of the value of the property (although fees can be negotiated if they exceed €80,000).

Since 1 January 2016, an additional 0.6% tax has been levied on the sale of offices, commercial and storage premises in “Ile-de-France” (Paris area).

Real estate dealers can benefit from a reduced rate of registration duty of 0.715%. In broad terms, a real estate dealer is a company or individual (subject to VAT) who undertakes to rebuild or to resell the building within a specific time period. Investors acquiring a property which was constructed less than 5 years before the date of acquisition may also benefit from this reduced rate.
Registration duties for acquiring shares in predominant real estate company

Registration duties will apply to the acquisition of a predominant real estate company. A predominant real estate company is a privately held company whose assets mainly consist of French real estate properties and/or certain shares (such as shares in SCIs). The registration duties in this case will be imposed at the rate of 5% of the purchase price.

Given the lower registration duty for a share acquisition (as compared with a direct acquisition of the property), investors may prefer to acquire shares in a real estate company. However, the acquisition of a company’s shares will involve the purchaser acquiring all the company’s history and its liabilities and it would not be possible to amortise the acquisition value of the property for tax purposes.

VAT on acquisition of commercial properties

A seller must charge VAT on the sale of certain commercial real estate assets if he or she qualifies as a taxable person acting as such (that is, holding the property for the purposes of a business in its business capacity). Otherwise, the sale is exempt from VAT. Whether the sale of such property by a taxable person will be subject to VAT will depend on the qualification of the property as “new” or “old” for VAT purposes.

The seller will be required to charge a purchaser VAT on their acquisition of a “new” property (that is, property supplied or sold within five years of completion or significant redevelopment). Conversely, the transfer of an “old” property (that is, any property not regarded as new) will be exempt from VAT unless the seller has elected, under certain conditions, to charge VAT.

If the purchaser is required to pay VAT to the seller, the VAT is normally recoverable by the purchaser where the purchaser undertakes an activity subject to VAT (for example, the building is used for the business activities of the purchaser or the building is leased by the purchaser to tenants who are charged VAT). The application of VAT to such transactions also has an impact on the registration duty regime and specific VAT rules (with lower registration duties) apply to disposals of building land ("terrain à bâtir").

VAT at the rate of 20% is applied to the purchase price and any other consideration provided to the seller. Unless the parties agree otherwise, VAT is payable by the purchaser.

There is no French VAT applicable on the acquisition of shares in a property holding company.
Tax on holding French property – individuals

Taxation of rental income

Individuals (whether or not resident in France) who hold a French property which is rented out to third parties will be subject to French income tax on the rental income they derive, unless otherwise provided by a tax treaty.

The income subject to French taxation will comprise the rental income (and any expenses paid for by the tenant which should have been borne by the landlord) after deducting expenses clearly relating to the French property (including costs of repairs, maintenance and improvements, employee costs, local taxes, managing agent’s fees, insurance premiums and interest on a loan to finance the purchase and/or refurbishment of the French property). Registration duty paid on the acquisition of the French property is not deductible from the rental income, although it is taken into account in determining any taxable capital gain on the sale of the property.

Taxable rental income will be subject to income tax at progressive income tax rates of up to 45% as well as social security contributions of 15.5% (17.2% from 1 January 2018). In general, non-French tax residents may not be taxed at an effective rate below 20% on their French sourced taxable income. As an exception, however, non-French tax residents may benefit from a more favourable effective tax rate (i.e. below 20%) where they can show that, if their French and foreign sourced income were to be taxed in France, the applicable effective French tax rate would be below 20%.

Non-French tax residents are also liable to social security contributions on their taxable rental income. Whilst a Court of Justice of the European Union (“CJEU”) judgment in February 2015 found this taxation incompatible with European Union (“EU”) law, the French Government has since amended the law to ensure that it is EU compliant.

Where the rental activity results in a loss, the losses may be offset against other taxable income of the individual owner (up to a limit of €10,700) and any excess can be carried forward for ten years and offset against future rental income.

VAT on rental income

In principle, the letting of French property falls within the scope of VAT. However, there are many exceptions which apply. Broadly:

- the letting of furnished commercial property is always subject to VAT;
- the letting of unfurnished commercial property is exempt from VAT but the seller can elect to apply VAT; and
- the letting of residential property is exempt from VAT and the seller cannot elect to charge VAT.

Note that, where the French building is over 15 years old and the landlord is a legal person, a rental tax at the rate of 2.5% levied on the annual rental income (“contribution sur les revenus locatifs”) is charged to the landlord.

Wealth tax

Non-French tax residents who directly or indirectly own French real estate are liable to French wealth tax provided that the global net value of all their French assets (other than financial investments) exceeds €1,300,000 as at 1 January 2017. The application of wealth tax will, however, depend on any applicable tax treaty between France and the country in which that person is resident. It is noted, however, that not all French tax treaties deal with wealth tax and, in the absence of specific treaty provisions to the contrary, French domestic tax rules will apply.

The wealth tax is based either on the value of the property (if it is held directly by the individual) or otherwise on the value of the shares held by the individual which derive their value from French property. Consequently, French real estate and a predominant real estate company’s shares are treated as French assets unless otherwise specified by an applicable French tax treaty.

Please note that wealth tax will be abolished and replaced by a new tax, the real estate wealth tax (“impôt sur la fortune immobilière”), from 1 January 2018. This new tax is similar in many respects to the wealth tax, but provides specific rules regarding the deduction of debt (e.g. for real estate assets valued at more than €5 million, debt will only be deductible in full up to 60% of this value, with half of the debt being deductible above this level).
Inheritance and gift tax

Unless otherwise provided by an applicable French tax treaty, under French domestic tax rules a non-French tax resident individual who directly or indirectly owns real estate in France is liable to French inheritance and gift tax on that property. The applicable tax rates will vary according to the kinship existing between the deceased (or donor) and the beneficiary as well as the amount of the gift. The rates of tax range from 5% to 60%.

The inheritance and gift tax will be levied on the value of the property if it is held directly by the individual or on the value of the shares if the French real estate is owned by the individual through a corporate entity.

### Net value of the French assets

<table>
<thead>
<tr>
<th>Net value of the French assets</th>
<th>2017 rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to €800,000</td>
<td>0%</td>
</tr>
<tr>
<td>Between €800,000 and €1,300,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>Between €1,300,000 and €2,570,000</td>
<td>0.7%</td>
</tr>
<tr>
<td>Between €2,570,000 and €5,000,000</td>
<td>1%</td>
</tr>
<tr>
<td>Between €5,000,000 and €10,000,000</td>
<td>1.25%</td>
</tr>
<tr>
<td>Above €10,000,000</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

### Tax on holding French property – companies

**Taxation of rental income**

Companies renting out real estate in France are subject to corporate income tax on the profits from such activity. The taxable income is equal to the accrued gross rental income less accrued deductible expenses provided that they clearly relate to the French rental activity.

Taxable income is subject to corporate income tax at the standard tax rate (currently 33.33%, but will be reduced gradually to 25% (with effect from 1 January 2022)) and most tax treaties signed by France do not prevent France from taxing such income.

Expenses deductible against rental income include employee costs, local taxes (such as local real estate taxes), registration duty on the acquisition of the property (which can either be fully deducted as an expense for the financial year in which the acquisition was made or depreciated over the useful life of the property), other general expenses such as management fees and insurance premiums and interest on a loan to purchase and/or refurbish the French property (subject to limitations for related party loans).

For non-French companies purchasing French property through a partnership (which is itself not subject to French corporate income tax), the taxable income will be determined at the level of the French partnership but taxed in the hands of the corporate partner.
VAT on rental income

The letting of furnished commercial premises is liable to French VAT at the standard rate of 20% which must be added to the rent charged to the tenant by the landlord of the premises.

The letting of unfurnished commercial premises is, in principle, exempt from VAT and instead (provided the building was completed more than 15 years ago) subject to a 2.5% rental tax. However, the landlord can elect for VAT to apply after the beginning of the rental activity, in which case, there is no rental tax payable, but VAT is applicable.

A VAT election (which is applicable only to the relevant building) is valid until it is revoked. A VAT election can be made where the tenant is itself liable to VAT and uses the building for its commercial activities. The VAT election can also be made where the tenant is not subject to VAT but in that case, the VAT election must be expressly provided for in the lease contract.

Territorial economic contribution ("CET")

The CET is levied on resident and non-resident companies operating a French business. The CET comprises the following two taxes:

- "Cotisation foncière des entreprises" ("CFE") which is assessed on the rental value of the French property used by the entity and subject to land tax ("taxe foncière"). The tax rate is set annually by local authorities.

- "Contribution sur la valeur ajoutée des entreprises" ("CVAE") which is payable by companies with a turnover exceeding €500,000 (excluding VAT) and assessed on the added value of the companies (broadly equal to the difference between the turnover and the production costs). The rate of the CVAE is progressive and depends on turnover (0.5% for companies with a turnover between €500,000 and €3,000,000, up to 1.5% for companies with a turnover exceeding €50,000,000).

The amount of CFE and CVAE is capped at 3% of the added value generated during the fiscal year.

The CET applies to entities which conduct a professional activity subject to French corporate income tax, which includes non-resident companies with a French permanent establishment. However, foreign companies that rent out real estate in France (other than unfurnished residential properties) will be subject to the territorial economic contribution even if they do not have a permanent establishment in France.

Where a non-French resident company only undertakes an activity of letting out French property, the company will only be treated as carrying on a professional activity where the company is renting out a furnished residential or commercial property (irrespective of the rental income) or is renting out unfurnished commercial property and the rental income exceeds €100,000 per year.
Repatriating profits to non-resident investors

Non-resident investors in French real estate do not incur any further tax consequences, other than those referred to herein, upon the repatriation of their rental income or capital gains, when the French property is held through a partnership.

However, when the property is held through a non-transparent corporate vehicle (that is, a company subject to corporation tax) tax is withheld from the profits repatriated to non-resident investors, at the following rates:

- 75% on income paid to an individual domiciled in a non-cooperative country or territory; and
- 30% (will be reduced to 25% from 1 January 2022) on any other distributed income.

Most double tax treaties apply a lower withholding tax rate or often prevent the application of the French withholding tax.

There is no tax withheld on dividends paid by a French subsidiary to a parent company which holds a 10% minimum participation (or 5% in certain circumstances) for at least 2 years where the parent company is resident in an EEA Member State.

Ownership through a trust

The ownership of French properties (directly or indirectly) through a trust gives rise to the following consequences:

<table>
<thead>
<tr>
<th>Status of people concerned</th>
<th>Tax obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlor / Deemed settlor¹</td>
<td>French wealth tax filing requirements and payment²</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>French inheritance tax following the death of the settlor</td>
</tr>
<tr>
<td>Trustee</td>
<td>Specific filing requirements requiring disclosure of the existence of the trust.</td>
</tr>
<tr>
<td></td>
<td>Failure to comply with this gives rise to a €20,000 penalty.</td>
</tr>
</tbody>
</table>

¹ On the death of the settlor, the beneficiaries are deemed to be the new settlors of the trust and they are so-called deemed settlors.
² Otherwise the trustees may be obliged to pay a tax of 1.5%.

Ancillary taxes

The ownership of a French property also requires the payment of certain ancillary taxes. The two main local taxes are the dwelling tax ("taxe d’habitation") payable by an individual who uses the furnished residential property (i.e. the occupant) and the real estate tax ("taxe foncière") payable by the landlord. Both taxes are based on the cadastral rental value of the property (which is lower than its rental value) and the tax rates are fixed on a yearly basis by the local authorities.

Moreover, there is a specific tax on the ownership of office premises, commercial premises and warehouses in the Paris area which is due annually from the owner of the building. Depending on the nature of the premises (office, commercial or warehouse), the amount of tax will vary.
Annual tax of 3% on French properties

All French and foreign legal entities (including trusts and investment funds) which directly or indirectly own real estate in France are subject to an annual tax equal to 3% of the fair market value of the property (as determined on 1 January each year) unless one of the exemptions applies.

Exemptions

The 3% tax does not apply to:

- sovereign states, public bodies and those entities with or without legal personality whose shares or ownership interest are held (as to more than 50%) by a sovereign state or a public body;
- entities owning directly (or indirectly) real estate in France where the fair market value of the real estate is less than 50% of the total value of the French assets which are held directly or indirectly by the entity. French properties which are allocated to or used for a professional activity (for instance, hotels used in the hotel business) by the entity (or a related party) are not included for the purposes of computing the 50% ratio;
- entities (and their wholly owned subsidiaries) whose stocks are (i) admitted to listing on a regulated market and (ii) regularly and significantly traded; and
- certain entities that have their registered office in France, in an EU Member State or in a country that has concluded a double tax treaty with France that includes an administrative assistance or non-discrimination clause. This extends to some pension funds, non-listed open ended real estate funds and equivalent foreign funds. This exemption also applies to entities owning directly (or indirectly) French properties, where the shareholder’s proportionate value in the French properties does not exceed either €100,000 or 5% of the fair market value of the French properties. Moreover, in many cases the 3% annual tax can also be avoided if the entity discloses to the tax authorities the names of its shareholders.

Consequently, entities located in tax haven countries or which cannot benefit from tax treaty benefits (or, in some circumstances, which do not disclose details of their shareholders) would be subject to the annual 3% tax charge.

The purpose of this tax is to compel companies to disclose details of their shareholders in order that the French tax authorities can identify the individual shareholders who ultimately own the relevant property to ensure that the individual has properly reported the property in their French wealth tax return.
Tax on disposal of French property

General comments

As outlined above, the sale of real estate and/or shares of predominant real estate companies will be subject to VAT or to registration duty computed on the price (or the value of the shares, if higher).

Non-French residents are liable to a French withholding tax on any capital gains arising from the sale of either a real estate property in France or the sale of shares of a real estate company whose assets mainly consist of French properties. This withholding tax will not apply if the non-French resident seller carries out a business in France and has used the property for the purpose of their business. Whilst most tax treaties provide France with the right to tax gains from the sale of real property, this is not necessarily the case with respect to the sale of shares of real estate companies.

Tax on sale of French property (or shares in predominant real estate companies) by individuals

Taxable capital gains on a sale of real estate are calculated as the difference between the sale price for the property and the price paid by the seller to acquire or improve the property (including expenses such as works improvement).

Capital gains arising from the sale of French real estate, either directly or indirectly (for instance, through the sale of shares in a company holding the property or through the sale of a partnership interest in a partnership holding French real estate), are taxed at a flat 19% rate regardless of whether the seller is resident in France or elsewhere. Social security contributions at 15.5% (17.2% from 1 January 2018) are also due, resulting in a total rate of 34.5%.

In summary, from 2015 the following tax rates are applicable to taxable capital gains:

<table>
<thead>
<tr>
<th></th>
<th>French tax resident</th>
<th>EEA tax resident</th>
<th>Non-EEA tax resident (including NCST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax rate</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Exceptional tax on high income</td>
<td>Up to 4%</td>
<td>Up to 4%</td>
<td>Up to 4%</td>
</tr>
<tr>
<td>Surtax on real estate</td>
<td>Up to 6%</td>
<td>Up to 6%</td>
<td>Up to 6%</td>
</tr>
<tr>
<td>Social charges</td>
<td>15.5%(^1)</td>
<td>15.5%(^1)</td>
<td>15.5%(^1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44.5%</strong></td>
<td><strong>44.5%</strong></td>
<td><strong>44.5%</strong></td>
</tr>
</tbody>
</table>

\(^1\) 17.2% from 1 January 2018

Individuals and transparent entities may also be liable to a surtax applicable to capital gains on a sale of property involving real estate assets or rights when the taxable amount (determined by applying an allowance for the holding period) exceeds €50,000. Tax paid on the sale of such taxable assets is increased by 2% (if the capital gain exceeds €50,000) or 6% (if the capital gain exceeds €260,000). This surtax applies to the full amount of the capital gain.

It is noted, however, that taxable gains are reduced in proportion to the length of ownership of the property if the property has been held for at least 5 years. The reduction is equal to 6% of the gain for each year of ownership between the 5th and the 21st year and the reduction is equal to 4% for the 22nd (or final year). Accordingly, the sale of a property held for more than 22 years is tax exempt.

The gain computed for the social security contributions is also reduced by 1.65% for each year between the 5th and the 21st years, and then reduced by 1.60% for the 22nd year and 9% per year after 22 years. Total exemption from social security contributions will apply for property held for more than 30 years.
Tax on sale of property by companies

Capital gains realised by both French resident and non-French resident corporate entities on the sale of French real estate and the sale of shares in predominantly French real estate companies are generally taxed at the standard corporate income tax rate, unless otherwise provided for by a tax treaty.

The computation of the capital gain will depend on where the seller company is resident for tax purposes:

- if the seller company is a French tax resident, the capital gain is calculated as the difference between the fair market value of the building at the time of disposal and the net book value of the building. The gain will be subject to tax at the standard corporate income tax rate (currently 33.33%) together with additional charges;

- if the seller company is not a French tax resident, then broadly the capital gain will also be calculated as the difference between the fair market value of the building at the time of disposal and its net book value (although some specific rules are applicable to companies resident in a state situated outside the European Economic Area). The gain will be subject to tax at the standard corporate income tax rate (currently 33.33%) together with additional charges.

Tax on sale of shares of predominant real estate company by companies

Capital gains on the sale of shares in a predominant French real estate company by:

- a French resident seller company will give rise to French corporate income tax at the standard rate unless the company’s corporate income tax exceeds €763,000 (in which case the rate is 34.43%) or the seller company’s turnover exceeds €250 million (in which case, the rate applicable is increased to 38.1%). However, capital gains from the sale of shares in listed companies (whose assets mainly comprise French immovable real estate held for at least 3 financial years) will be taxed at a reduced corporate tax rate of 19%;

- a non-French resident seller company will typically give rise to French corporate income tax at the standard rate. Most French tax treaties provide France with the right to tax capital gains arising from the disposal of shares of a predominant French real estate company. Unless otherwise provided by a tax treaty, capital gains derived by a non-French resident corporate seller from the sale of shares in a quoted predominant French real estate company will be subject to a withholding tax at the standard corporate tax rate (provided the seller holds more than 10% of the shares).

Conclusions

Investing in French property can give rise to a number of tax issues and early identification and planning for the issues is key to managing the holding of French property in an efficient manner. Financing of French property through loans can also be taken into account in calculating French tax liabilities and should be considered at an early stage.
Introduction
The German property investment market remains strong. Investments have spread from the “big five” cities of Berlin, Dusseldorf, Frankfurt, Hamburg, and Munich to secondary locations, with office property the dominant use of the property, followed by retail and logistics. Whilst demand is still focused on core real estate assets, the German market is experiencing an increase in investors willing to take risks. In particular, foreign investors are prepared to invest in forward commitments and joint ventures with German project developers.
Ownership of German property

There are several ways to invest in real estate in Germany. An individual can purchase a property directly or the investment can be made indirectly by using a German corporation or partnership. Alternatively, German property can be acquired by using a non-German corporation or partnership.

Investment in German property often takes the form of indirect investment via single corporations or partnerships that acquire the German property (with the investor(s) holding shares or interests in that entity) or by using a holding company that is the shareholder in one or more subsidiaries, each of which may own one or several properties. Furthermore, such investment vehicle can be domiciled either in Germany or in a foreign country.

For many transactions involving investment into German real estate from overseas investors, the investor establishes a new company outside Germany (but within the European Union (“EU”)) to serve as the property owning company (“Propco”). The purpose of the Propco will be the holding, managing and renting of real estate assets. Such structures are aimed at limiting the German taxation to corporate income tax (“CIT”) of 15% (plus solidarity surcharge) and to exclude further taxation in the form of German trade tax or German withholding taxes.

A typical legal form used for such types of transaction is a limited liability company established under Luxembourg laws as a “Société à responsabilité limitée” (“S.à.r.l”). Depending on the relevant double tax treaty other countries can also provide similar tax structuring options.

However, such structures may lead to practical business limitations, as they typically require the Propco to avoid the creation of a permanent establishment in Germany.

Furthermore, overseas investors will need to consider German anti-avoidance and double tax treaty overriding regulations. Investors will need to ensure that they have established appropriate German and/or foreign corporate structures which will require detailed analysis and review before implementation of an appropriate structure.
Tax on acquiring German property

The purchase of real estate in Germany (whether in the form of commercial or residential real estate) is typically subject to real estate transfer tax (“RETT”) and can also be subject to value added tax (“VAT”) (at a standard rate of 19%), depending upon the characteristics and use of the property.

RETT rates have significantly increased in the past few years and RETT now has an enormous economic impact. The purchaser and the seller are both liable to pay RETT, however, in practice, the purchaser is usually required to pay the full RETT liability to the German tax authorities.

The RETT rates depend on the current tax rates applicable and where the real estate is located within Germany. RETT currently ranges between 3.5%-6.5% of the purchase price of the property.

Tax on acquiring shares in company holding German property

In a share purchase transaction, where the company or partnership holds German property, German RETT can also be due. RETT will apply where an (economic) participation of 95% or more is acquired in a company or partnership which owns German real estate. In determining an economic participation, indirect shareholdings are included.

Accordingly, the application of German RETT in a share purchase transaction involving a German property holding company can only be avoided by a purchaser acquiring up to 94.9% of the (economic rights in the) shares in such a company. It should be noted that share acquisition structures which currently do not trigger RETT (94.9% / 5.1% – so called ‘RETT-Blocker’) are under discussion and that the new German Government is expected to introduce new and stricter regulation in 2018.

VAT on acquisition of German property

The sale of German real estate is, in principle, exempted from VAT. However, an option to apply German VAT can be made by the seller if the purchaser qualifies as an entrepreneur for VAT purposes. The purchaser would then be liable to pay VAT on the purchase price and can in turn deduct input VAT. However, input VAT recovery is only available to the extent that the German property is used to earn income which is not exempt from VAT (such as rental income arising from property which has been “opted to tax”).

If the real estate is let at the time of sale, the sale of the property may qualify as a transfer of a business as a going concern, which would result in the sale not being subject to German VAT (and an “option to tax” is not possible in that case).

The structure of any transaction involving the transfer of shares in a German property holding company must be reviewed to determine whether German VAT would apply, as such a transfer can be treated as a non-VATable transfer of a business as a going concern or it can be treated as a VATable but tax exempt transaction.
Tax on holding German property – individuals

Taxation of real estate income

Individuals are generally subject to German income tax in respect of their real estate income (such as rental income).

Most double tax treaties agreed by Germany enable the jurisdiction in which the property is located to tax the real estate income from that property. Consequently, even those individuals having neither their domicile nor their habitual abode in Germany will generally be subject to German income tax in respect of their rental income from German real estate.

Furthermore, real estate income may also be subject to German trade tax if such income is attributable to a permanent establishment located in Germany. The applicable tax rate depends on the location of the real estate (but generally ranges from 14% to 17.5%). However, the individual may make use of a trade tax exemption, provided his business consists only of the holding and management of real estate. Furthermore, in certain circumstances the individual may be eligible to apply for income tax relief, which could offset most of the trade tax burden, if any.

Inheritance and gift tax

German inheritance and gift tax may apply if German real estate is received on the occurrence of death or by way of donation. The tax is essentially assessed on the fair value of the real estate. Certain tax exemptions are applicable. The applicable tax rate depends on the precise circumstances and ranges between 7% and 50% for individuals benefitting from the German real estate and between 30% and 50% for corporations.

Tax on holding German property – companies

Corporate income tax

A German company will be subject to CIT on its worldwide income (including income derived from the holding of German property).

A non-German resident Propco will be subject to CIT on its income from sources in Germany. This means that the income from the real estate asset (such as rent) is taxable in Germany.

Income which is subject to German taxation is reduced by allowable deductions, including interest expense in relation to financing. However, the German interest deduction barrier ("Zinsschranke") rules limit the deductibility of interest expense over interest income (net interest expense) to 30% of an entity’s earnings before interest, taxes, depreciation and amortisation ("EBITDA"). Interest includes all interest payments, receipts and/or accruals, whether to or from a shareholder, a related party or a third party (such as the financing bank). There is an annual threshold of net interest expense of the entity of up to €3 million where, below this threshold, the interest deduction barrier rule does not apply. Therefore, the interest deduction barrier plays no role provided the overall net interest expenses of the Propco are below the threshold of €3 million.

The income (less allowable deductions for certain expenses) will be subject to CIT at the standard rate of 15% plus a solidarity surcharge of 5.5% of the CIT, which results in an effective tax rate of 15.825%. An income tax return must be filed once a year.
Furthermore, German real estate income is subject to trade tax if the property qualifies as a business asset and is allocated to a German permanent establishment. German real estate will qualify as a business asset if it is:

- used in connection with business activities (such as trading);
- held by a business partnership (rather than by a pure asset managing partnership); or
- held by a corporation (directly or indirectly via a partnership).

The applicable tax rate will depend on the location of the German real estate (although the rate generally ranges from 14% to 17.5%). Propco may be eligible to benefit from a trade tax exemption, provided its business consists only of holding and management of real estate. However, various requirements have to be met in order to take advantage of this exemption and tax structuring must be carefully implemented. Alternatively, trade tax can be avoided by an inbound investment structure which avoids the creation of a permanent establishment.

**VAT on rental income**

Rental income is usually exempted from VAT, but where certain conditions are satisfied, an “option to tax” can be made in respect of commercial property only.

Input VAT recovery (or deduction against VAT payable to the German authorities) can then be obtained. Input VAT would include VAT payable in respect of the purchase price of the property, as well as VAT on construction and other costs. However, input VAT recovery is only available to the extent that the German property is used to earn income which is not exempt from VAT (such as rental income arising from property which has been “opted to tax”).

**Repatriating profits to non-resident investors**

If the entity holding the German property is a company incorporated in Germany or effectively managed in Germany, the repatriation of profits to non-resident investors can trigger German withholding taxes on dividends paid to such investors. The German withholding tax of 25% plus solidarity surcharge, resulting in an overall tax rate of 26.375% can be eliminated under the EU Parent-Subsidiary Directive if the investor is a parent company located in the EU or can be reduced or eliminated under applicable German double tax treaties.

Provided that a Propco incorporated outside Germany does not have its effective place of management in Germany (i.e. it is not resident in Germany for tax purposes), repatriating profits to non-resident investors by way of dividends should not result in a German withholding tax obligation at the level of Propco.
Tax on disposal of German property

Tax on sale of German property by individuals

Capital gains from the sale of German real estate are only subject to German income tax if:

- the property qualifies as a business asset (such as in the case of short term trading); or
- the property was held for 10 years or less.

Where the capital gains are taxable, individuals are subject to a progressive income tax rate of up to 45% plus a solidarity surcharge, resulting in an aggregate maximum tax rate of 47.475%.

Most double tax treaties agreed by Germany provide for the jurisdiction in which the real estate is located to be able to tax the gains relating to the sale of real estate in that jurisdiction. Consequently, even those individuals having neither their domicile nor their habitual abode in Germany are generally subject to German income tax in respect of gains arising from the sale of German real estate.

Furthermore, capital gains from the disposal of real estate may be subject to German trade tax if such capital gains are attributable to a permanent establishment located in Germany. The applicable tax rate depends on the location of the real estate (but generally ranges from 14% to 17.5%). However, the individual may make use of a trade tax exemption, provided his business consists only of the holding and management of real estate. Various requirements must be met in order to take advantage of this exemption and careful implementation of tax structuring is required. Alternatively trade tax can be avoided by an inbound investment structure which avoids the creation of a permanent establishment.

Conclusions

Investing in German real estate can give rise to a number of tax issues and early identification and correct planning and structuring of the transaction is necessary to ensure that the property is acquired and held in an efficient manner. Where financing of the property results in net interest expense in excess of €3 million, consideration should be given to the German interest deduction barrier rules which can limit the availability of tax relief for financing costs.
Introduction

The UK real estate market has historically been very attractive to non-UK resident investors, with consistent financial performance and steady demand for the introduction of foreign capital supported by a stable political and legal system and a broadly supportive taxation regime for such investment. London remains a key financial centre and a hub for international investment and the UK as a whole offers many advantages for inward investment in terms of geographic location, language, academic centres of excellence and access to talent and infrastructure. Recent years have seen considerable expansion in specialist areas of the real estate development and investment market, including student accommodation, build-to-rent and “big box” storage facilities.

Many of these factors remain present, notwithstanding current uncertainty in political and economic terms caused by the 2016 Brexit vote and ongoing negotiations concerning the UK’s future relationship with the EU. However, property investors typically take a longer term view of a market, and the fundamentals underpinning the UK economy remain sound, translating in turn to an expectation that the current period of turbulence should settle and UK real estate remain attractive.

Against this backdrop, the UK taxation regime for property has been similarly turbulent in recent years, with what has seemed to be an annual targeting of residential property investment in terms of new and extension of existing taxes (the annual tax on enveloped dwellings (“ATED”), ATED related capital gains tax, non-resident capital gains tax on residential property and stamp duty land tax (“SDLT”) increases) joined in the past eighteen months by new legislation aimed at ensuring UK tax applies to all profits of property development and, in the Budget of November 2017, the proposal to extend capital gains tax to non-residents investing in non-residential property from April 2019. It is to be hoped that a period of stability will follow so that investors can focus on the core aims of maximising yield and capital value in their asset base (in turn generating increased tax returns for the UK) without unwelcome shifting sands in the fiscal landscape.
Ownership of UK property
Non-residents are free to acquire real estate in the UK either directly or through other vehicles. It is common for UK property to be acquired through non-UK resident corporate entities, particularly in the area of commercial property.

More complex ownership structures may be introduced by overseas investors including separating ownership of the property from any underlying business using the property (a so-called “Propco / Opco” structure) and the holding of UK property through partnership structures or unit trusts (which can sometimes benefit from more favourable tax treatment). These structures can also provide flexibility for the owner.

These structures are also heavily influenced by the different tax treatment which is applied to UK real estate depending on whether the property acquired will be used for the purposes of a trade or held as an investment.

Key distinctions drawn for UK tax
The UK distinguishes between the acquiring and holding of property for medium to long term returns in the form of rental income and capital growth (typically termed “investment”) and the acquiring of property for onward sale or development / redevelopment of property for onward sale (typically referred to as “trading”).

The UK also draws a distinction between commercial and residential real estate for UK tax purposes and the rules differ substantially between the two types of property interest. The rules also distinguish between UK residents and non-UK residents in respect of the application of some taxes relating to property. The UK’s tax regime has been subject to several changes since 2013, resulting in considerably higher tax charges for owners of residential property.

Tax on acquiring UK property
The purchase of real estate in the UK is typically subject to stamp duty land tax (“SDLT”) and can also be subject to value added tax (“VAT”) (at a rate of 20%), depending upon the characteristics and use of the property.

SDLT for commercial properties
The UK charges a transfer tax, SDLT, on the purchase of UK property of all descriptions. For properties purchased in Scotland, SDLT was replaced from 1 April 2015 by a new Land and Building Transaction Tax administered by the Scottish authorities. From April 2018, a new Land Transaction Tax will replace SDLT for properties purchased in Wales.

For commercial or mixed use property purchases, from 17 March 2016, SDLT is applied on a sliding scale depending on the price paid, with different rates applicable to portions of the overall price (the “slice” system). No SDLT is paid for the first £150,000 of the price, with 2% applicable on the price between £150,000 and £250,000 and the rate of 5% applicable in respect of the price over £250,000.

SDLT for residential properties
For residential properties, SDLT is also applied on a sliding scale depending on the price paid for the property under the same “slice” system as above, but at the rates set out in the table below.

Individuals acquiring residential properties
For UK and non-UK resident individuals holding only one residential property or acquiring the property to replace their main residence, the SDLT applicable should represent the usual rate (referred to in the second column of the table below).

However, from 1 April 2016, where UK and non-UK resident individuals already hold one or more residential properties (whether in the UK or elsewhere) and acquire a further English, Welsh or Northern Irish property for more than £40,000, the SDLT applicable to the acquisition will represent the higher SDLT rate set out in the third column below.
In either case, SDLT is charged at the applicable rate on so much of the price as falls within each band (e.g. a property acquired for £1 million, that is not a second property, will attract SDLT of £43,750).

<table>
<thead>
<tr>
<th>Purchase price of property</th>
<th>Usual rate of SDLT</th>
<th>Higher SDLT rate (additional dwellings rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to £125,000</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Over £125,000 to £250,000</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Over £250,000 to £925,000</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Over £925,000 to £1.5 million</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Over £1.5 million</td>
<td>12%</td>
<td>15%</td>
</tr>
</tbody>
</table>

The Budget of November 2017 introduced a new exemption for first-time buyers, with residential property up to £300,000 exempt from SDLT, and the first £300,000 of a purchase of up to £500,000 being free from charge.

Corporate and other entities acquiring property
Where residential property is acquired by a purchaser other than an individual, the higher rates in the third column above apply, regardless of whether the purchaser holds any existing residential property.

However, where residential property is acquired for a purchase price exceeding £500,000 by a company, a partnership including a corporate member or a collective investment scheme, a 15% rate of SDLT on the full purchase price is applicable instead, unless certain exemptions apply. Broadly, this penal SDLT rate of 15% is designed to dissuade ownership of residential property for personal occupation through corporate or other vehicles.

Acquisitions of rental property which are made for business purposes (such as for the purposes of development with a view to resale of the property or for letting to third party tenants unrelated to the owner of the property) will not trigger this penal rate.

There are also specific rules which apply in relation to trusts.

Investors and developers may be able to take advantage of a portfolio relief that applies the much lower commercial rates of SDLT to purchases of six or more residential properties in a single transaction. For other multiple residential purchases, an alternative “multiple dwellings relief” may be available, which broadly applies the residential rates of SDLT but on the basis of an average price per property, with the resulting tax being multiplied by the number of units purchased.

Stamp duty on acquisition of shares in real estate company
No SDLT will generally arise when a purchaser acquires shares in a company that itself holds UK property. However, if the property holding company has been incorporated in the UK, then stamp duty will be due on the acquisition of shares in that UK company calculated at 0.5% of the consideration paid for the purchase of the shares. If, however, the company holding the property has been incorporated outside the UK, the purchase of such shares does not generally give rise to any charge to UK stamp duty or stamp duty reserve tax.

As a result, there may be a tax benefit in acquiring and disposing of UK property via a company, particularly in relation to commercial property and where that company is incorporated in a jurisdiction that does not impose any transfer tax on
dealings in shares. Types of vehicle that can offer efficiency include companies and non-UK resident (typically Jersey) unit trusts. Types of structure that can also offer transfer tax savings include “forward sale / purchase” arrangements where the land purchase is independent of any cost of construction of a property (which is particularly of interest to developers).

**VAT on acquisition of commercial properties**

Subject to certain exceptions, sales of commercial property will generally be exempt from VAT. Certain sales of freehold interests in new or partially completed commercial property may be subject to VAT. Nevertheless, commercial property owners have the ability to “opt to tax” their property which would result in the sale and letting of that property being subject to VAT (currently at the rate of 20%).

Broadly, if a purchaser is required to pay VAT to a seller on the purchase of the property (typically because the seller has “opted to tax” the property), the purchaser will be able to claim credit for or recover such VAT from the UK tax authorities provided that the purchaser has also “opted to tax” the property and is using the property to make supplies (such as leasing the property) which are subject to VAT. Where the purchaser is required to pay VAT to a seller, the purchaser will have to pay SDLT on the full amount of the purchase price for the property (including the VAT amount charged by the seller).

It is therefore important to structure a property purchase carefully to ensure that, wherever possible, no VAT is charged in addition to the purchase price by a seller. This is generally possible where a commercial property which is let is acquired by the purchaser, under the so-called “transfer of a going concern” (“TOGC”) rules. Due diligence will be required to determine the likely VAT treatment of a property purchase and specific drafting in the sale contract is often necessary to ensure that no VAT arises.

UK VAT is not applicable to the acquisition of shares in a company.

**VAT on acquisition of residential properties**

Unlike commercial property, most dealings in residential property are exempt from VAT as the “option to tax” does not apply to such property. This can be disadvantageous to investors as they will be unable to recover VAT on their own expenses (such as management and advisory costs) because they will be carrying on a VAT-exempt business.

However, the construction of residential property or the conversion of non-residential property to residential use may permit VAT to be recovered by a developer without that developer having to charge VAT to the ultimate purchasers of the property. The rules in this area are complex, and specialist advice should always be sought.
Tax on holding UK property

Taxation of rental income for UK residents

UK resident individuals owning UK property which is rented out to third parties will be subject to UK income tax on the rental income they derive. Taxable rental income will be subject to income tax at progressive income tax rates of up to 45%.

UK resident corporate entities holding property will be subject to UK corporation tax on rental income derived. The corporation tax rate on taxable rental income is currently 19% (reducing to 17% in April 2020).

The income subject to UK taxation will comprise the rental income after deducting allowable expenses generally including costs of repairs and maintenance, service fees, managing agent’s fees, insurance premiums and deductions for financing costs (see below).

Taxation of rental income for non-UK residents

Taxable rental income from investment property owned by a non-UK resident company is subject only to the basic rate of UK income tax (currently 20%). The UK Government is currently consulting on extending the scope of corporation tax to non-resident companies within the charge to UK income tax, and changes are expected to take effect from April 2020 to implement these proposals.

Taxable rental income from investment property owned by a non-UK resident individual is subject to income tax at progressive rates of up to 45%.

If the investor is a corporate entity incorporated outside the UK, it is necessary to ensure that the company is also managed and controlled outside of the UK to ensure that it is non-UK resident for UK tax purposes.

The basic rate of tax can be deducted from the rent by the tenant and paid to the UK tax authorities unless an appropriate application is made to the UK tax authorities by the non-resident owner.

Taxable rental income is determined in the same way for non-residents as it is for UK residents.

Deductions for financing costs

Deductions for interest payable on loans to finance the purchase and/or refurbishment of UK property are generally also available, subject to certain restrictions provided by:

- “transfer pricing” rules. Broadly, these rules can operate to limit the tax deduction for interest and financing costs to interest and costs that are consistent with arm’s length borrowing arrangements. It is possible to reduce taxable rental profits through careful acquisition structuring including through the use of appropriate levels of bank and related party financing;
- specific rules, which have started to be phased in from April 2017, restricting tax relief for financing costs of residential property held by individuals for the purposes of letting to third parties; and
- new rules, which apply from 1 April 2017, for companies subject to UK corporation tax (which the Government is consulting on extending to apply to certain non-UK resident companies from April 2020). These rules apply to limit tax relief for interest to 30% of the company’s (or the company’s group’s) UK earnings before interest, tax, depreciation and amortisation (“EBITDA”), subject to a group ratio rule if this is more favourable for the group. The restriction on tax relief for interest will not apply where net UK interest expense is £2 million or less.

Where the rental activity results in a loss, for income taxpayers the losses cannot be set off against non-property related income but can be carried forward indefinitely and used against future rental income. For UK corporation taxpayers, losses from a UK property business may be set against non-property related income and also carried forward and set against other income.

VAT on rental income

VAT is only applicable to rental income on commercial property where the owner of the property has “opted to tax” the property.
Repatriating profits to non-resident investors

If the property is held by a non-UK resident company, it should be possible to return profits (including profits made on the sale of the property) to investors without any further UK taxation consequences. Typical routes include payment of dividends by the corporate entity or repayment of investor debt. However, any interest paid by the non-UK resident company to an investor may be subject to UK withholding taxes at the rate of 20%, although the withholding taxes can often be eliminated or reduced under an applicable double tax treaty or with appropriate planning.

Inheritance tax (“IHT”)  
If UK property is owned by an individual then, regardless of where that individual is resident or domiciled for tax purposes, the UK imposes tax on the value of that property as comprising part of the individual’s estate on death and may also impose tax at the lifetime rate (20%) on certain gifts of UK property. Hence, unless otherwise provided by an applicable UK tax treaty, if a non-UK resident individual (whose estate subject to IHT exceeds £325,000) dies owning real estate in the UK, this may give rise to a UK IHT charge at 40% on the market value of that property. IHT is levied on the value of the property if it was held directly by the deceased, or is levied on the value of shares in a UK company if the UK real estate is owned by the individual through a UK company. There are exemptions available for property which is used for the purposes of a business (so called “business property relief”) and, in many cases, for inheritance by spouses. However, the exemptions are complex and specific advice should be sought. To avoid this potential IHT, non-UK companies and trusts have often been used in structuring UK property ownership because the UK property (i.e. a UK-situated asset) is then not held directly by the estate. However, from 6 April 2017, such opaque entities are effectively treated as “transparent” for IHT purposes – to the extent that the value of shares in non-UK companies or other similar entities is derived from interests in UK residential property, there will be an IHT liability (as if the deceased shareholder / settlor (who is also a beneficiary) had owned the UK residential property interest directly in the case of a non-UK company / non-UK resident trust, respectively). Additional IHT implications will also arise for non-UK resident trusts that hold UK residential property directly or via underlying non-UK companies and for closely-held vehicles lending money in connection with UK residential property. These new rules only apply to UK residential property (and not to commercial property or other UK-situated assets) owned via non-UK companies or other opaque entities.

Annual tax on enveloped dwellings (“ATED”) on residential property

In 2013, the UK introduced a new annual tax on valuable UK residential properties held within companies or other vehicles (whether UK resident or non-UK resident) known as ATED. This charge is not applicable to commercial properties. The charge is generally based on the market value of individual dwellings as at 1 April 2012 (or the purchase price of the dwelling if purchased after 1 April 2012). Revaluation is required broadly every 5 years (so the next revaluation date is 1 April 2017, for chargeable periods beginning on or after 1 April 2018). The ATED is levied each year in accordance with bands as follows:
In principle, the ATED increases in line with inflation, based on the consumer prices index (CPI).

The ATED does not apply where the residential property is owned by an individual or via trusts. There are also exemptions for ownership of residential properties for business purposes (including where a property is acquired and rented to third parties, is acquired for development and resale, or is acquired and held for use by business employees). Consequently, there are planning opportunities available for ownership of such UK residential property to mitigate ATED liabilities, including “de-enveloping” to remove the residential property from existing company ownership.

### Market value of residence

<table>
<thead>
<tr>
<th>Market value of residence</th>
<th>Annual ATED charge from 1 April 2017 to 31 March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>£500,000 to £1 million</td>
<td>£3,500</td>
</tr>
<tr>
<td>£1,000,001 to £2 million</td>
<td>£7,050</td>
</tr>
<tr>
<td>£2,000,001 to £5 million</td>
<td>£23,550</td>
</tr>
<tr>
<td>£5,000,001 to £10 million</td>
<td>£54,950</td>
</tr>
<tr>
<td>£10,000,001 to £20 million</td>
<td>£110,100</td>
</tr>
<tr>
<td>£20,000,001 and over</td>
<td>£220,350</td>
</tr>
</tbody>
</table>

In principle, the ATED increases in line with inflation, based on the consumer prices index (CPI).

The ATED does not apply where the residential property is owned by an individual or via trusts. There are also exemptions for ownership of residential properties for business purposes (including where a property is acquired and rented to third parties, is acquired for development and resale, or is acquired and held for use by business employees). Consequently, there are planning opportunities available for ownership of such UK residential property to mitigate ATED liabilities, including “de-enveloping” to remove the residential property from existing company ownership.

### Tax on disposal of UK property

**Tax on sale of UK property by seller “trading” in property**

A UK resident individual will be subject to income tax (currently with tax rates up to a maximum of 45%) on the profit derived by the individual from the sale of the “trading” property while a UK resident corporation will be subject to UK corporation tax (currently at 19% but reducing to 17% in April 2020) on the profit derived from the trade.

A non-UK resident is subject to UK tax when trading in property (whether residential or commercial property) under new legislation which took effect on 5 July 2016. The new legislation provides that income and profits of non-

UK residents will be subject to corporation tax or income tax (as appropriate) where the trade comprises trading in UK land or developing UK land with a view to disposing of it, regardless of where the trade is carried on and regardless of whether or not the trade is carried on through a permanent establishment in the UK or elsewhere. Anti-avoidance rules were introduced, effective from 16 March 2016, to counteract arrangements (put in place before the new legislation was introduced) which were designed to circumvent the charge.
Tax on sale of UK property by seller “investing” in commercial property

Currently, capital profits from disposals of commercial property acquired and held by non-UK resident persons as investments are not generally subject to UK tax. However, in the Budget of November 2017, it was announced that the UK Government will consult on taxing gains on commercial property held by non-resident persons from April 2019. This will be an enormous change to the way commercial property is taxed and further detail is awaited. Anti-forestalling measures apply from 22 November 2017 to counteract Tax Treaty abuse. It is intended that the rules will apply to gains arising from April 2019 onwards (gains in respect of the period pre-April 2019 should not be subject to charge).

The current position compares favourably with UK resident investors who will be subject to tax on capital gains arising on disposal of the property. For UK resident individual investors in commercial property, from 6 April 2016, they will be subject to capital gains tax typically at the rate of 20% (10% if they are basic rate taxpayers).

UK resident corporate investors would be subject to corporation tax on capital gains at the current rate of 19%. Corporations are entitled to indexation allowance on the cost of acquisition of the property in determining the gain arising calculated up to the end of December 2017, after which no further indexation allowance will be available.

It is important to establish and document a clear intention from the time of acquisition of the property that the property is to be held for the medium to long term so as to support the investment nature of the property venture. The UK tax treatment for the acquisition, holding and any eventual disposal of the property should be considered and properly documented from the outset.

Tax on sale of UK property by seller “investing” in residential property

In the past few years the UK has introduced significant changes to the taxation of ownership of UK residential property. Initially, the focus of the changes was upon “enveloped” ownership of high-value residential properties within companies and other vehicles.

However, from April 2015, capital gains arising on the disposal of UK residential property by non-UK resident persons have also been included in the charge to UK tax.

Capital gains tax for UK residents selling residential property

Capital gains (calculated as the difference between the price received on sale of the property and the price paid for the property and any improvements) which arise to UK resident individuals on the sale of residential property will generally be subject to a rate of 18% if the individual is a basic rate taxpayer or 28% if they are a higher or additional rate taxpayer. Exemption from capital gains tax is available where the residential property is the individual’s principal place of residence and no capital gains tax is levied if the individual’s capital gains for the year do not exceed the annual exempt amount (currently £11,300).

For UK resident corporations selling residential property, they will be subject to UK corporation tax at the rate of 19% (reducing to 17% in April 2020) in respect of any gain derived from the sale of the property, with the gain determined after taking account of indexation allowance.

ATED related capital gains

Where the ATED applies to a UK residential property, in general the UK also levies capital gains tax on the proceeds realised on a disposal to the extent they exceed the market value of the property as at 6 April 2013 or, if later, the date when the property comes within the ATED regime. In a similar way to the ATED itself, the ATED related capital gains tax does not generally apply where the residential property is held by an individual or via trusts. The rate of the ATED related capital gains tax is 28%.

Similar exemptions to the ATED exemptions are available to exempt from such capital gains tax entities selling property which has been held for the purposes of a trading, developing or lettings business.
Capital gains tax for non-UK residents selling residential property

To the extent that the ATED does not apply to a residential property which is sold by a non-resident company or the property is sold by a non-UK resident individual, capital gains derived from the sale of UK residential property will, nevertheless, be subject to capital gains tax. In this case, the taxable capital gain will be limited to the difference between the sale price for the property and the value of the property as at 1 April 2015 (or, the purchase price if the property was acquired after 1 April 2015). For non-UK resident individuals, the capital gains tax rate will be the same as for UK resident individuals (generally 28% for a higher or additional rate taxpayer).

For non-UK resident companies, the capital gain would be subject to tax at the rate of 20%, although if the disposal would be subject to both the residential property capital gains tax and the ATED related capital gains tax, the ATED related capital gains tax (which is higher) will take precedence. The UK Government is currently consulting on making non-UK resident companies subject to corporation tax rather than non-resident capital gains tax and these changes are expected to take effect from April 2020.

Specific planning structures

Typical approaches to maximise tax efficiency include “Propco / Opco” structures for properties intended for trading use (such as hotels), where the capital asset (generally commercial property in the UK) is held by an offshore “Propco” (to benefit from the favourable tax regime for capital gains, explained above) whilst the operating business is carried on by a separate “Opco” (which would broadly pay UK tax on the profits of its trade – but subject to deductions for rental payments made to the Propco).
Property funds
The UK’s tax regime can also offer benefits for private and public property funds and portfolio companies where UK commercial property investments can be held in separate offshore special purpose vehicles or “SPVs” to mitigate UK tax on capital gains and offer the ability to sell the SPV without SDLT for a purchaser.

The UK also offers a special tax regime for UK property companies listing on a recognised stock exchange, the real estate investment trust (“REIT”). Broadly, a REIT is exempt from UK tax on capital gains and rental income – despite the fact that the company is incorporated and tax resident in the UK. Instead, distributions from the REIT to shareholders are treated as if they were payments of rental income and generally subject to UK withholding tax (currently 20%).

Islamic finance and UK real estate
This is a highly specialised area where careful tax structuring is required to achieve a “level playing field” for finance arrangements undertaken in a form which is compliant with Shari’a law principles as compared with more conventional funding. Examples of such structures include the Ijara lease, under which rental payments provide returns on finance, and Sukuk Al-Ijara, suitable for raising finance from a bond issue to the markets.
## Summary for commercial property

<table>
<thead>
<tr>
<th>Acquisition of commercial property</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Typical structure</strong></td>
<td>Acquiring property through French corporate entity.</td>
<td>Acquiring property though non-German corporate entity.</td>
<td>Acquiring property through non-UK corporate entity.</td>
</tr>
<tr>
<td><strong>Transaction tax on acquisition of property</strong></td>
<td>Registration duties – up to 7% of property value.</td>
<td>RETT – 3.5% to 6.5%.</td>
<td>SDLT – sliding scale up to 5% on price above £250,000.</td>
</tr>
<tr>
<td><strong>VAT on acquisition price</strong></td>
<td>Applicable at the rate of 20% to “new” buildings. Not applicable to “old” buildings, unless the seller has “opted to tax”.</td>
<td>Applicable at the rate of 19% if seller has “opted to tax” the property (unless “transfer of a going concern” treatment applies).</td>
<td>Applicable at the rate of 20% if seller has “opted to tax” the property (unless “transfer of a going concern” treatment applies).</td>
</tr>
<tr>
<td><strong>Transaction tax on acquisition of property holding company</strong></td>
<td>Registration duties – 5% of price if predominant French real estate company shares acquired.</td>
<td>RETT – 3.5% to 6.5% only if 95% or more of the shares are legally or economically acquired by a single purchaser.</td>
<td>Stamp duty – 0.5% if shares are in a UK incorporated company; otherwise no stamp duty.</td>
</tr>
</tbody>
</table>
### Summary for commercial property (continued)

**Holding of commercial property**

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax on rental income – individuals</strong></td>
<td>French individual residents – progressive rates up to 45% and 15.5% social security and ancillary taxes (effective tax rate (“ETR”) – up to 60.5%). Non-French resident individuals – tax at a minimum of 20%, unless average rate applicable to worldwide income under French rules is lower.</td>
<td>Progressive income tax rate up to 45% plus solidarity surcharge, resulting in an aggregate maximum tax rate of 47.475%.</td>
<td>Progressive income tax (“IT”) rates up to 45%.</td>
</tr>
<tr>
<td><strong>Tax on rental income – companies</strong></td>
<td>French corporates – standard tax rate of 33.33%. Non-resident corporates – tax rate of 33.33%.</td>
<td>CIT of 15% plus solidarity surcharge, resulting in an aggregate tax rate of 15.825% (no trade tax, assuming no German permanent establishment).</td>
<td>UK resident corporates – corporation tax (“CT”) of 19% (reducing to 17% in April 2020). Non-UK resident corporates – IT of 20%.</td>
</tr>
<tr>
<td><strong>VAT on rental income</strong></td>
<td>20% if furnished premises and holder has “opted to tax” (unfurnished premises subject to 2.5% rental tax instead).</td>
<td>19% if holder has “opted to tax”.</td>
<td>20% if holder has “opted to tax”.</td>
</tr>
<tr>
<td><strong>Annual wealth tax</strong></td>
<td>Applicable to individuals where net value of French assets exceeds €1.3m at progressive rates up to 1.3% of net value of French assets.</td>
<td>Real estate tax (“Grundsteuer”) – tax rate depends on both local settings and characteristics of real estate.</td>
<td>Not applicable.</td>
</tr>
<tr>
<td><strong>Inheritance and gift tax</strong></td>
<td>For individuals only – varying depending on relationship between donor and beneficiary – 5% to 60% (subject to exemptions under any relevant treaty).</td>
<td>Assuming investment property located in Germany has been transferred on death or by way of donation – 7% to 50% for individuals and 30% to 50% for corporations; precise tax rate depends on individual circumstances.</td>
<td>Inheritance tax (“IHT”) at 40% on death of individual – unless business property relief or spouse exemption is available. Non-resident individuals only liable to IHT on directly held UK commercial property.</td>
</tr>
<tr>
<td><strong>Other annual taxes</strong></td>
<td>For companies carrying on professional activities – Territorial Economic Contribution – variable rates capped at 3% of added value during the year. For companies – annual tax of 3% of fair market value of the property, although exemption generally applies unless company in tax haven or does not disclose shareholders. Certain ancillary taxes by local authorities.</td>
<td>Not applicable.</td>
<td>Not applicable.</td>
</tr>
</tbody>
</table>
## Summary for commercial property (continued)

### Disposal of commercial property

<table>
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<tr>
<th>Tax on sale of property – individuals</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital gains tax (&quot;CGT&quot;) (19%) plus surtax (up to 6%) and social charges and ancillary taxes (ETR – c44.5%). Taxable gain reduced for years of ownership after 5 years and tax exempt where ownership is more than 22 years.</td>
<td>If property is held by individuals and sale is taxable (holding period is less than 10 years) – tax up to 45% plus solidarity surcharge, resulting in an aggregate maximum tax rate of 47.475%.</td>
<td>If property is held by individual for trading purposes – progressive income tax rates up to 45%.</td>
<td></td>
</tr>
<tr>
<td><strong>If property held by individuals and sale is taxable (holding period is less than 10 years)</strong> – tax up to 45% plus solidarity surcharge, resulting in an aggregate maximum tax rate of 47.475%.</td>
<td>If property held by individual for trading purposes – progressive income tax rates up to 45%.</td>
<td>If property held as investment by UK resident individual – 20% CGT (if higher or additional rate taxpayer).</td>
<td></td>
</tr>
<tr>
<td><strong>If property held by individual for trading purposes</strong> – progressive income tax rates up to 45%</td>
<td>If property held as investment by UK resident individual – 20% CGT (if higher or additional rate taxpayer).</td>
<td>If property held as investment by non-resident individual – currently no UK tax on gain (expected to be subject to CGT from April 2019 (rate to be confirmed)).</td>
<td></td>
</tr>
<tr>
<td>If property held as investment by non-resident individual – currently no UK tax on gain (expected to be subject to CGT from April 2019 (rate to be confirmed)).</td>
<td>If property held as investment by non-resident individual – currently no UK tax on gain (expected to be subject to CGT from April 2019 (rate to be confirmed)).</td>
<td>If property held as investment by non-resident individual – currently no UK tax on gain (expected to be subject to CGT from April 2019 (rate to be confirmed)).</td>
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<table>
<thead>
<tr>
<th>Tax on sale of shares (in predominant property holding company) – individuals</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGT (19%) plus surtax (up to 6%) and social charges and ancillary taxes (ETR – c44.5%). Taxable gain reduced for years of ownership after 5 years and tax exempt where ownership is more than 22 years.</td>
<td>If German resident individual holding at least 1% of the shares – up to 45% plus solidarity surcharge, resulting in an aggregate maximum tax rate of 47.475% on 60% of the profits.</td>
<td>If UK resident individual selling shares – 20% CGT (if higher or additional rate taxpayer).</td>
<td></td>
</tr>
<tr>
<td><strong>If German resident individual holding at least 1% of the shares</strong> – up to 45% plus solidarity surcharge, resulting in an aggregate maximum tax rate of 47.475% on 60% of the profits.</td>
<td>If German resident individual holding below 1% of the shares – 25% income tax plus solidarity surcharge, resulting in an aggregate maximum tax rate of 26.375%.</td>
<td>If non-German resident individual – no German tax on capital gains from disposal of shares in foreign Propco.</td>
<td></td>
</tr>
<tr>
<td><strong>If German resident individual holding below 1% of the shares</strong> – 25% income tax plus solidarity surcharge, resulting in an aggregate maximum tax rate of 26.375%.</td>
<td>If non-German resident individual – no German tax on capital gains from disposal of shares in foreign Propco.</td>
<td>If non-German resident individual – no German tax on capital gains from disposal of shares in foreign Propco.</td>
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<table>
<thead>
<tr>
<th>Tax on sale of property – companies</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate tax – a minimum rate of 33.33% (unless overseas company can benefit from tax treaty). The rate can increase to 34.43% (if taxable income exceeds €2.29 million) or 38.1% (if turnover of seller company exceeds €250 million).</td>
<td>15% CIT plus solidarity surcharge, resulting in an aggregate tax rate of 15.625%. Furthermore, trade tax may occur depending on the individual circumstances (e.g. permanent establishment in Germany).</td>
<td>If UK resident company selling property – CT of 19% on gain.</td>
<td></td>
</tr>
<tr>
<td><strong>If UK resident company selling property</strong> – CT of 19% on gain.</td>
<td>If non-UK resident company “trading” in property – CT of 19% on gain.</td>
<td>If non-UK resident company selling shares – no UK tax on gain (subject to special Double Tax Treaty regulations).</td>
<td></td>
</tr>
<tr>
<td><strong>If non-UK resident company selling shares</strong> – no UK tax on gain (subject to special Double Tax Treaty regulations).</td>
<td>If non-UK resident company holding “investment property” – currently no UK tax on gain (expected to change from April 2019 to CT of 19% on gain).</td>
<td>If non-UK resident company selling shares – generally 19% CT on gain.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax on sale of shares (in predominant property holding company) – companies</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate tax – 33.33% (unless tax treaty prevents French tax). The rate can increase to 34.43% (if taxable income exceeds €2.29 million) or 38.1% (if turnover of seller company exceeds €250 million).</td>
<td>If German resident company selling shares – 0.75% CIT plus solidarity surcharge, resulting in an aggregate tax rate of approximately 0.8%. For non-German resident company selling shares – generally no German tax on capital gain (subject to special Double Tax Treaty regulations).</td>
<td>If UK resident company selling shares – generally 19% CT on gain.</td>
<td></td>
</tr>
<tr>
<td><strong>If German resident company selling shares</strong> – 0.75% CIT plus solidarity surcharge, resulting in an aggregate tax rate of approximately 0.8%. For non-German resident company selling shares – generally no German tax on capital gain (subject to special Double Tax Treaty regulations).</td>
<td>If German resident company holding “investment property” – currently no UK tax on gain (expected to change from April 2019 to CT of 19% on gain).</td>
<td>If non-UK resident company selling shares – no UK tax on gain (subject to anti-avoidance rules that can apply where the intention is “trading” in the underlying property). This is likely to change from April 2019 when disposing of shares in property rich offshore companies.</td>
<td></td>
</tr>
</tbody>
</table>

If non-UK resident company selling shares – no UK tax on gain (subject to anti-avoidance rules that can apply where the intention is “trading” in the underlying property). This is likely to change from April 2019 when disposing of shares in property rich offshore companies.
## Summary for residential property

### Acquisition of residential property

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Typical structure</strong></td>
<td>Acquiring property through French SCI.</td>
<td>Acquiring property through offshore Propco.</td>
<td>Acquiring property by individuals directly or non-UK corporate entity.</td>
</tr>
<tr>
<td><strong>Transaction tax on acquisition of property</strong></td>
<td>Registration duties – up to 7% of property value.</td>
<td>RETT – 3.5% to 6.5%.</td>
<td>SDLT – variable rates depending on acquirer. Can be up to 12% for individuals where value exceeds £1.5 million and 15% for companies where value exceeds £500,000. Higher rates (adding additional 3% to standard SDLT rates) if purchaser already owns a residential property.</td>
</tr>
<tr>
<td><strong>VAT on acquisition price</strong></td>
<td>None.</td>
<td>Depends on whether seller “opts to tax”.</td>
<td>None.</td>
</tr>
<tr>
<td><strong>Transaction tax on acquisition of property holding company</strong></td>
<td>Registration duties – 5% of price applicable if predominant French real estate company shares acquired.</td>
<td>RETT – 3.5% to 6.5% only if 95% or more of the shares are legally or economically acquired by a single purchaser.</td>
<td>Stamp duty – 0.5% if shares are in a UK incorporated company; otherwise no stamp duty.</td>
</tr>
</tbody>
</table>
### Summary for residential property (continued)

#### Holding of residential property

<table>
<thead>
<tr>
<th>Tax on rental income – individuals</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-French resident individuals – tax at a minimum of 20%, unless average rate applicable to worldwide income under French rules is lower.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax on rental income – companies</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-resident corporates – tax rate of 33.33%.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VAT on rental income</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>None.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual wealth tax</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable to individuals where net value of French assets exceeds €1.3m at progressive rates up to 1.5% of net value of French assets.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inheritance and gift tax</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>For individuals only – varying depending on relationship between donor and beneficiary – 5% to 60% (subject to exemptions under any relevant treaty).</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other annual taxes</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>For companies – annual tax of 3% of fair market value of the property, although exemption generally applies unless company in tax haven or does not disclose shareholders.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certain ancillary taxes by local authorities.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Summary for residential property (continued)

#### Disposal of residential property

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax on sale of property – individuals</strong></td>
<td>Capital gains tax (19%) plus surtax (up to 6%) and social charges and ancillary taxes (ETR – c44.5%). Taxable gain reduced for years of ownership after 5 years and tax exempt where ownership is more than 22 years.</td>
<td>If property is held by individuals and sale is taxable (holding period is less than 10 years) – tax up to 45% plus solidarity surcharge, resulting in an aggregate maximum tax rate of 47.475%.</td>
<td>If property is held for trading purposes – progressive income tax rates up to 45%. If property held as investment by UK resident individual – 28% CGT (if higher or additional rate taxpayer). If property held as investment by non-resident individual – CGT of 28% on any gain arising on property above value of property on 1 April 2015 (or acquisition price if acquired after that date).</td>
</tr>
<tr>
<td><strong>Tax on sale of shares (in predominant property holding company) – individuals</strong></td>
<td>Capital gains tax (19%) plus surtax (up to 6%) and social charges and ancillary taxes (ETR – c44.5%). Taxable gain reduced for years of ownership after 5 years and tax exempt where ownership is more than 22 years.</td>
<td>If German resident individual holding at least 1% of the shares – up to 45% plus solidarity surcharge, resulting in an aggregate maximum tax rate of 47.475% on 60% of the profits. If German resident individual holding below 1% of the shares – 25% income tax plus solidarity surcharge, resulting in an aggregate maximum tax rate of 26.375%. If non-German resident individual – no German tax on capital gains from disposal of shares in foreign Propco.</td>
<td>If UK resident individual – 28% CGT (if higher or additional rate taxpayer). If non-German resident individual – currently no UK tax on gain. This is likely to change from April 2019 when disposing of property rich offshore companies.</td>
</tr>
<tr>
<td><strong>Tax on sale of property – companies</strong></td>
<td>Corporate tax – 33.33% (unless overseas company can benefit from tax treaty). The rate can increase to 34.43% (if corporate income tax exceeds €763,000) or 38.1% (if turnover of seller company exceeds €250 million).</td>
<td>15% CIT plus solidarity surcharge, resulting in an aggregate tax rate of 15.825%. Furthermore, trade tax may occur, depending on the individual circumstances (e.g. permanent establishment in Germany).</td>
<td>If UK resident – 19% CT on gain. If non-UK resident and seller “trading” in property – UK CT of 19% on gain. If non-UK resident company holding “investment property” – 20% CGT applicable to gain arising on property above value of property on 1 April 2015 (or acquisition date if later). If seller company is subject to ATED, 28% CGT applicable to ATED related capital gains.</td>
</tr>
<tr>
<td><strong>Tax on sale of shares (in predominant property holding company) – companies</strong></td>
<td>Corporate tax – 33.33% (unless tax treaty prevents French tax). The rate can increase to 34.43% (if corporate income tax exceeds €763,000) or 38.1% (if turnover of seller company exceeds €250 million).</td>
<td>If German resident company selling shares – 0.75% CIT plus solidarity surcharge, resulting in an aggregate tax rate of approximately 0.8%. For non-German resident company selling shares – generally no German tax on capital gain (subject to special Double Tax Treaty regulations).</td>
<td>If UK resident seller – 19% CT on gain. If non-UK resident seller company – currently no UK tax on gain (subject to anti-avoidance rules that can apply where the intention is “trading” in the underlying property). This is likely to change from April 2019 when disposing of shares in property rich offshore companies.</td>
</tr>
</tbody>
</table>
How Taylor Wessing can help

Our commitment is to provide clear, commercial and practical advice whilst delivering creative and innovative solutions for our clients.

There are opportunities for investors to benefit from favourable tax treatment through implementing appropriate property holding structures in France, Germany and the UK. However, it is important that careful due diligence is undertaken and that legal advice is sought at the outset to ensure that maximum commercial and tax benefits can be obtained.

We have particular experience in acting for clients investing in real estate in these jurisdictions and can provide clear advice on optimal tax structuring together with consistent and efficient service delivery on other aspects of the investment.

The Taylor Wessing international tax group works closely with its real estate, regulatory, private client, planning and construction teams to advise on all relevant aspects of transactions and structures involving property. No matter what type of property asset is being acquired, whether offices, retail, industrial, hotels or residential, our integrated and multi-disciplinary approach ensures that we can advise on the optimum ownership structure for the acquisition.

About us

Taylor Wessing is a full-service international law firm, working with clients in the world’s most dynamic industries. We take a single-minded approach to advising our clients, helping them succeed by thinking innovatively about their business issues.

Our focus on the industries of tomorrow has enabled us to develop market-leading expertise in:

- Technology, Media and Communications
- Life Sciences
- Private Wealth
- Energy

At Taylor Wessing we are proud of our reputation as a forward-thinking firm.

We support clients wherever they want to do business. Our 33 offices around the world blend the best of local commercial, industry and cultural knowledge with international experience to provide proactive, integrated solutions for our clients.
Our international team

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